

CSB:csb

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The following investigation was conducted by Special Agent (SA) [ ] on August 24, 1993, September 1 and 8, 1993:

On August 24, 1993, SA [ ] contacted [ ] Senior Attorney, Legal Aid Society, Cincinnati, Ohio, telephone [ ] and inquired whether she had ever been contacted by [ ] the Legislative Director for former Congressman DONALD E. "BUZ" LUKENS, or any other member of LUKENS' staff regarding the Legal Aid lawsuit against Cambridge Technical Institute (CTI). [ ] stated that she had never been contacted by [ ] or anyone in LUKENS office but indicated she would check with [ ] another attorney and [ ] the Executive Director of Legal Aid.

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On September 8, 1993, the writer re-contacted [ ] who advised that neither [ ] nor [ ] recalls speaking with [ ] or anyone on LUKENS' staff regarding the CTI lawsuit.

On September 1, 1993, SA [ ] contacted [ ] Executive Director of the State Board of Proprietary Schools Registration, Columbus, Ohio, and inquired whether she had ever been contacted by [ ] the Legislative Director for former Congressman DONALD E. "BUZ" LUKENS regarding CTI. [ ] stated she did not recall the name [ ] but would check her files and telephone log to see if it reflected any contact regarding CTI.

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On September 8, 1993, SA [ ] re-contacted [ ] who advised that she had no recollection of any contact with [ ] or any other member of LUKENS' staff and that her telephone log did not reflect anything to the contrary. [ ] stated a review of their file regarding CTI reflected the following:

October 5, 1990 - CTI voluntarily closed their Middletown campus



October 31, 1990 - her office revoked the licenses of CTI'S branches at Cincinnati and Cleveland

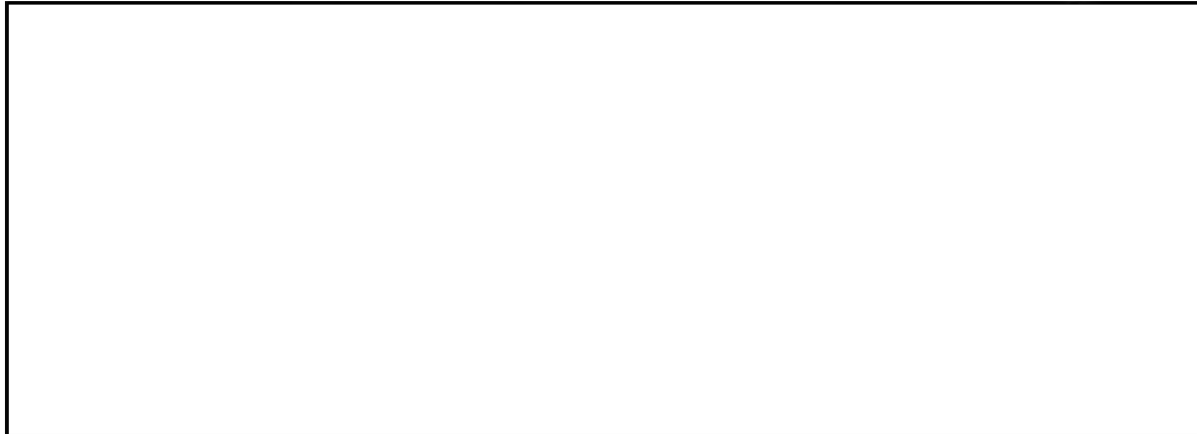
November 21, 1990 - CTI voluntarily closed their Dayton campus

46A-WF-179870 Sub UU-55

46A-WF 179870 SUB UU

CWS/cws

The following investigation was conducted by SA   
 at Falls Church, Virginia, on 9/16/93:



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46A-WF-179870 Sub UU-56

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/17/93

On September 16, 1993, SA [redacted]  
conducted a review of [redacted]

[redacted]

[redacted]

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Investigation on 9/16/93 at Falls Church, Virginia File # 46A-WF-179870 SUB UU-57

by SA [redacted] Date dictated 9/17/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

- 1 -

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/23/93

[redacted] date of birth [redacted] at  
Middletown, Ohio, Social Security Account Number (SSAN) [redacted]  
[redacted] Alexandria, Virginia, telephone [redacted]  
[redacted] was interviewed at the United States Department of  
Justice (USDOJ), 10th and Constitution, Washington, D.C. Present  
at this interview was USDOJ attorney [redacted] After  
being advised of the identities of the interviewing agents and  
the nature of the interview, [redacted] thereafter provided the  
following information:

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She is currently employed as [redacted] for Dr.  
[redacted] at Sherwood Hall Medical Center, 2616 Sherwood  
Hall Lane, Alexandria, Virginia, telephone [redacted] Prior  
to her current employment, she did temporary work and attended  
George Mason University where she is working on her Masters  
Degree.

She met former Congressman DONALD LUKENS in the 1960's  
when she was a college student at Miami University of Ohio and  
involved in a group called the Young Republicans. She did some  
work on Congressman LUKENS' campaign and in 1966, after he was  
elected, she accepted a position in his district office in  
Middletown, Ohio for two years. She subsequently moved to  
Washington, D.C. to work in LUKENS' Capitol Hill office for one  
year before leaving to have a child.

In June, 1989, at his request, she once again accepted  
employment with Congressman LUKENS in his Washington, D.C.  
office. She was originally hired to work part-time as a  
Scheduler and in September, 1989, resumed full-time employment  
and was given the title of [redacted] and eventually  
[redacted] She remained in LUKENS' employ until he resigned  
from Congress in October, 1990 and stayed working under the Clerk  
of the House until she was terminated in January, 1991.

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As an [redacted] she stated her job  
responsibilities included performing personal typing and  
answering telephone calls for the congressman. As the [redacted]

Investigation on 9/22/93 at Washington, D.C. File # 46A-WF-179870  
by SAS [redacted] OSB:csb Date dictated 9/23/93



46A-WF-179870

Continuation of FD-302 of [REDACTED]

, On 9/22/93, Page 2

[REDACTED] she was involved with handling supplies for both the Washington and Ohio offices, paying and vouchering expenses for all offices and communicating between the Washington and Ohio district offices.

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[REDACTED] advised that concerning Congressman LUKENS' House Bank account, she had no signature authority to sign checks on the Congressman's behalf and is unaware of anyone else who was authorized to do so. She believes LUKENS signed and endorsed all his own checks and deposit items. She made deposits for the congressman. He would generally provide her with an envelope which contained the deposit items as well as the completed deposit slip. Occasionally she would fill out the deposit slip if the congressman was busy. [REDACTED] was shown a deposit slip dated May 3, 1990, containing the name "D.E. LUKENS" and reflecting the following amounts being deposited: \$7,500, \$7,500 and \$4,857.56, for a total of \$19,487.56. She advised that this deposit slip contained her handwriting, including the signature "D.E. LUKENS". She was thereafter shown two checks, both dated May 1, 1990, in the amounts of \$7,500, written to DONALD E. LUKENS; one check was signed HENRY WHITESELL and the other [REDACTED]

[REDACTED] She did not recall either of these checks and stated she has never heard of [REDACTED] or HENRY WHITESELL.

[REDACTED] stated that she was responsible for answering the telephones in LUKENS' office until sometime in the Summer of 1990, when the office hired a Staff Assistant. She does not recall an individual named [REDACTED] ever calling or visiting their office. She has never heard of a school named Cambridge Technical Institute (CTI). There was a guest book maintained by their office. She believes this would have been boxed up with the Congressman's personal items and either shipped to his mother's farm in Ohio or taken to his apartment in Washington, D.C.

She was not involved in constituent services and advised that most constituent services such as Social Security or passport matters were handled in their district offices in Ohio. If a constituent had a problem that required handling in Washington, D.C., she believed that either [REDACTED] or [REDACTED] the staff assistants, would have handled it. If it involved a legislative matter, the legislative staff would have handled it.

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46A-WF-179870

Continuation of FD-302 of

[redacted]

, On 9/22/93, Page 3

She stated there were a few areas during her employment with LUKENS' office that she did not want any involvement with and expressed this to the appropriate personnel in LUKENS' office. These areas included the investigation by the Ethics Committee and interaction with LUKENS' Counsel.

[redacted] advised that campaign finances were handled in Ohio, and believes [redacted] the Chief of Staff in Ohio may have been responsible for same. She stated, although she had no specific knowledge of how much money was in the campaign account prior to the primary election in May, 1990, she believes the amount was minimal. [redacted] advised that any campaign checks which would have been received by their Washington, D.C. office, would have been forwarded to Middletown, Ohio. She is not aware of any large contributions being made to the campaign just prior to the election and has no knowledge of LUKENS loaning his campaign \$20,000 prior to the primary.

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[redacted] stated that she traveled to Ohio to visit her family in March, 1990 prior to the campaign and LUKENS' primary election. She did not travel to Ohio with some of the other staff members just prior to the primary. She believes that [redacted] LUKENS' Administrative Assistant, [redacted] the Legislative Director, and [redacted] traveled to Ohio to campaign before the primary as did LUKENS himself. She and [redacted] remained in their Washington, D.C. office. She cannot recall whether [redacted] traveled to Ohio or remained in Washington.

She advised that she kept records of Congressman LUKENS' travel to and from the district and that these travel expenses would have been vouchered and submitted to the House Finance office for reimbursement.

As regards constituent mail and any responses thereto, [redacted] stated that she maintained some files which she referred to as personal correspondence, but that any requests regarding legislative matters were passed along to [redacted] the Legislative Director. If a constituent request came into their office that was deemed best handled in a district office, it was forwarded.

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[redacted] advised if they wanted to get a piece of mail to one of their district offices in Ohio by the next day, they used

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Continuation of FD-302 of [REDACTED]

, On 9/22/93, Page 4

the United States Postal Service's "overnight express" mail. She described this procedure as "pouching" in that the mail was placed in an orange pouch.

When they were closing down LUKENS' office, she, [REDACTED] and [REDACTED] boxed up the items in LUKENS' office and [REDACTED] would have handled any Legislative files. Any items that were considered personal as well as memorabilia were either taken to LUKENS' apartment in Washington, D.C. or sent to his mother's farm in Ohio. The office files were picked up by the Architect of the Capitol and placed in storage (the archives). This would have included the scheduling and appointments books. Concerning the files in the district offices, [REDACTED] advised she believes [REDACTED] would have the overall responsibility for shutting down the district offices, but that the following district office personnel would have actually done the work:

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[REDACTED] - Hamilton, Ohio  
[REDACTED] - Middletown, Ohio  
[REDACTED] - Greenville, Ohio

[REDACTED] stated that she has no knowledge of what happened to the computer that was in their office. Congressman LUKENS had a private telephone line in his office, however, she cannot recall the number.

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On one or two occasions she discussed with LUKENS the incident in Ohio where he was involved in a sexual encounter with an underage girl. LUKENS alluded to the fact that the girl's mother was trying to blackmail him. He stated this incident was "an error in judgment" on his part and that "it had been blown out of proportion".

[REDACTED] stated that she has never heard the name [REDACTED] or Holk Development Company.

She concluded the interview by advising that she has called LUKENS on one or two occasions since he left office, the last time being approximately one year ago. She stated that he seemed "depressed and down" and she felt very uncomfortable as they did not seem to have much to talk about.

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ORIGINAL

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/19/93

SA [ ] Criminal Investigative Division (CID), Internal Revenue Service (IRS), 302 Federal Office Building, 550 Main Street, Cincinnati, Ohio, telephone [ ] advised that his office is closing its investigation of money laundering by HENRY WHITESELL and others, and that he was in the process of returning evidence to contributors. He indicated that six boxes of Cambridge Technical Institute (CTI) and a small number of Boheckers Business College checks would be returned to CTI Attorney [ ] in the near future.

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A review of the Cambridge Technical Institute checking account number 790-24370 at the FIFTH/THIRD BANK for the period April 16, 1990 - October 23, 1990, was conducted but no sizeable checks to [ ] were located.

A review of the Bohecker Business College checking account number 710-41870 at the FIFTH/THIRD BANK for the period May 23, 1990 - August 29, 1990, was conducted. The following original checks were located and obtained:

<u>Check #</u>	<u>Date</u>	<u>Payee</u>	<u>Amount</u>
5586	7/10/90	[ ]	\$2,000.00
5587	7/10/90		\$2,000.00
5588	7/10/90		\$8,056.86
5803	8/7/90		\$2,500.00
5883	8/16/90		\$1,000.00

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Investigation on 10/13/93 at Cincinnati, Ohio File # 46A-WF-179870 sub um-59  
by SA [ ] / jms Date dictated 10/13/93  
Cincinnati

FBI

## TRANSMIT VIA:

☐ Teletype  
☐ Facsimile  
☒ AIRTEL

## PRECEDENCE:

☐ Immediate  
☐ Priority  
☐ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☐ UNCLAS

Date 10/22/93

TO : SAC, WMFO (46A-WF-179870) (Sub UU) (C-9)  
FROM : SAC, CINCINNATI (46A-WF-179870) (RUC)  
SUBJECT : BIG BOUNCE  
MAJOR CASE #55  
FAG  
(OO: WMFO)

Re Cincinnati airtel to WMFO, 7/1/93, WMFO teletype to Cincinnati, 8/2/93, and Cincinnati telcall to SA [redacted] WMFO, on 10/13/93.

Enclosed for WMFO are five original Boheckers Business College checks payable to [redacted] and original notes of witness interviews in this matter. Also enclosed is original and copy of FD-302 with SA [redacted]

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It should be noted that the enclosed original checks were initially obtained from Attorney [redacted] at the abandoned Cambridge Technical Institute office by SA [redacted], on 12/28/90, and were then turned over to IRS by the FBI on 1/10/92. The documentation of this is contained on Green Sheet 1B6 in Cincinnati file 213A-CI-58003.

② - WMFO (Enc. - 8) *sub. Del not count*  
1 - Cincinnati

JHL:jms  
(3)

46A-WF-179870 UU-60

SEARCHED	INDEXED
SERIALIZED	FILED
1 OCT 20 1993	
FBI - WASH. METRO FIELD OFFICE	

Approved: *AB*

Transmitted

(Number) (Time)

Per *[Signature]*



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to  
File No.

7799 Leesburg Pike  
Falls Church, Virginia 22043

October 27, 1993

[Redacted]  
Franklin County Juvenile Court  
399 South Front Street  
Columbus, Ohio 43215

Dear [Redacted]

Our office is interested in obtaining copies of records pertaining to the arrest of Donald E. Lukens during 1988 or 1989 on charges of contributing to the unruliness of a minor. Specifically, we need the dates of the arrest, conviction, and sentencing of LUKENS, the charges filed against LUKENS, and the sentence imposed upon him. LUKENS' date of birth (DOB) is February 11, 1931 and his Social Security Account Number (SSAN) is 286-28-8739. b6 b7C

Please send the information as soon as possible via facsimile number (202) 324-6426 to the attention of Special Agents (SAs) [Redacted] and [Redacted]. Thank you for your cooperation in this matter.

Very truly yours,

*Robert M. Bryant*  
ROBERT M. BRYANT  
Special Agent in Charge

by: [Redacted]  
Supervisory Special Agent

46A-WF-179870 SUB UU  
-61  
*[Handwritten initials]*

46A-WF-179870-Sub UU

CSB:csb

1.

The following investigation was conducted by Special Agent (SA) [redacted] on November 1, 1993 regarding former congressman DONALD E. "BUZ" LUKENS of Ohio:

A review of the Reports of Receipts and Disbursements for the years 1990-1993, provided by [redacted], the Treasurer of the Lukens Campaign Committee, reflected no contributions during these years by [redacted] or HENRY WHITESELL.

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The Report of Receipts and Disbursements for the period April 19, 1990 through June 30, 1990 reflects an "itemized receipt" to the campaign by DONALD E. LUKENS on May 2, 1990 in the amount of \$20,500. These funds are listed as "personal funds" on the report.

This report also reflected numerous disbursements for postage and radio and newspaper advertising on May 3 and 4, 1990. These expenses were incurred in connection with LUKENS' primary election in Ohio which took place on May 8, 1990.

These reports will be placed in an FD-340 (1A envelope) and maintained in the 1A section of the file.

46A-WF-179870 Sub UU-102

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/27/93

[redacted] was interviewed at the UNITED STATES DEPARTMENT OF JUSTICE (DOJ), Washington, D.C. (WDC). [redacted] is currently the Administrative Assistant for United States Congressman JIM SAXTON of New Jersey. Participating in the interview was DOJ Attorney [redacted]. After being advised of the identities of the interviewing agents and the nature of the interview, [redacted] furnished the following information:

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[redacted] advised that he graduated from PENN STATE UNIVERSITY with a degree in Communications. He then sought employment in WDC. [redacted] worked for the NRCC which he described as the campaign division of the Republic Party. He then worked as a press aide for four to five months for U.S. Congressman MICKEY EDWARDS. After that, [redacted] went to Massachusetts to work on the campaign of RICK GARROS. GARROS won the primary election. [redacted] then worked for Senator STEVE SYMMS. He left SYMMS in 1987 and joined the staff of Congressman DONALD LUKENS. [redacted] then left LUKENS and returned to work for SYMMS. Around the beginning of 1989 [redacted] came back to LUKENS' staff in the position of [redacted] LUKENS had an Administrative Assistant, [redacted], at the time [redacted] returned to [redacted]

[redacted] stated that he requested to come back to LUKENS' staff. LUKENS was the subject of controversy because of his involvement in a sex scandal. [redacted] thought his position with LUKENS would be interesting "from a communications standpoint." He would be able to exercise his communication skills to attempt to handle LUKENS' undesirable situation. [redacted] commented that he intended to "clean up" LUKENS in a couple of months and then return to SYMMS. [redacted] did not go back to SYMMS for a number of reasons, one of which was that he did not want to be a burden to SYMMS.

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b7cInvestigation on 9/23/93 at WASHINGTON, D.C. File # 46A-WF-179870 SUB UUby SAs [redacted] [redacted] Date dictated 9/30/93



46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED]

, On 9/23/93, Page 2

During his second stint with LUKENS, [REDACTED] dealt with the media. [REDACTED] left LUKENS' staff and [REDACTED] then "evolved" to the Administrative Assistant (AA) position. [REDACTED] could not recall when [REDACTED] left. [REDACTED] did not remember ever being formally named AA. However, he recalled being in charge of LUKENS' other office staff, and he received a salary increase of about \$2,000.00 per year. [REDACTED] advised that his second term with LUKENS lasted from about January, 1989, through LUKENS' resignation from Congress in October, 1990.

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[REDACTED] was questioned concerning LUKENS' re-election campaign during the Spring of 1990. [REDACTED] advised that technically, there was no campaign until about four days before the primary election. LUKENS did not formally announce his candidacy until that time. [REDACTED] stated that prior to the election, he and [REDACTED] another member of LUKENS' staff, went to Ohio to work in LUKENS' district office. When LUKENS decided to run for re-election, they worked on his campaign. [REDACTED] maintained that, until LUKENS announced his candidacy, he [REDACTED] was working as a Press Secretary for a U.S. Congressman and was not working on campaign matters. [REDACTED] maintained that there was no structural campaign until about 4 days prior to the election.

While in Ohio, [REDACTED] and [REDACTED] stayed at LUKENS' house. [REDACTED] LUKENS' District Chief of Staff, also lived in LUKENS' house.

[REDACTED] advised that LUKENS' campaign had virtually no money. Near the end of the campaign, there was an influx of some money. [REDACTED] claimed that he did not know where this money came from or anything about it.

[REDACTED] stated that he was not in charge of spending the money in LUKENS' campaign fund. [REDACTED] had more responsibility in that regard. [REDACTED] admitted that he would have had to have conversations with [REDACTED] about things such as the price of radio advertising. [REDACTED] stated that he probably had conversations with [REDACTED] about campaign finances, but he could not recall any specifics.

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46A-WF-179870 SUB UU

Continuation of FD-302 of \_\_\_\_\_, On 9/23/93, Page 3

\_\_\_\_\_ advised that the heart of LUKENS' 1990 re-election campaign was a last minute media blitz that got him on the front pages of newspapers. \_\_\_\_\_ recalled an article about LUKENS in the COLUMBUS DISPATCH. LUKENS' re-election bid was unsuccessful as he lost in the primary.

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After the 1990 re-election primary, \_\_\_\_\_ left LUKENS' staff and went to work on another candidate's campaign. \_\_\_\_\_ returned to work for LUKENS' during the Fall of 1990. \_\_\_\_\_ stated that the ultimate decision to rehire \_\_\_\_\_ would have been made by LUKENS. \_\_\_\_\_ could not recall talking to \_\_\_\_\_ about coming back to LUKENS' staff. Regarding \_\_\_\_\_ return to LUKENS' staff, \_\_\_\_\_ stated, "If he was hired, there had to be work to do."

\_\_\_\_\_ advised that, during his second stint on LUKENS' staff, LUKENS seldom spent time in his office. \_\_\_\_\_ stated that LUKENS "worked out of his apartment." \_\_\_\_\_ advised that LUKENS was always in communication with his Congressional office.

\_\_\_\_\_ was asked about LUKENS' financial situation. He described LUKENS as always "pressed" financially.

\_\_\_\_\_ was questioned concerning his knowledge of \_\_\_\_\_. He identified \_\_\_\_\_ as a friend of LUKENS. \_\_\_\_\_ could not specifically recall how he was introduced to \_\_\_\_\_ but he believed the introduction probably took place in LUKENS' office. \_\_\_\_\_ stated that LUKENS would have taken \_\_\_\_\_ around the office and introduced him to everyone. \_\_\_\_\_ stated that he clearly remembers \_\_\_\_\_ in the front part of LUKENS' office space, possibly getting tickets to the Capitol. \_\_\_\_\_ stated that he would probably recognize \_\_\_\_\_ if he saw him again.

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\_\_\_\_\_ advised that he met \_\_\_\_\_ on another occasion when \_\_\_\_\_ was in Washington, D.C., to do an interview for the CABLE NEWS NETWORK (CNN). \_\_\_\_\_ recalled having a two to three minute conversation with \_\_\_\_\_. \_\_\_\_\_ asked \_\_\_\_\_ about what questions to expect during the CNN interview. \_\_\_\_\_ stated that he has not talked with \_\_\_\_\_ since he was in Washington to do the CNN interview.

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Continuation of FD-302 of \_\_\_\_\_, On 9/23/93, Page 4

\_\_\_\_\_ recalled \_\_\_\_\_ working on a case involving \_\_\_\_\_ operated some schools in Ohio. \_\_\_\_\_ had the impression that the schools were beautiful liberal arts colleges in Ohio. In actuality, they were more like "trucking schools." \_\_\_\_\_ thought \_\_\_\_\_ problem might have involved something like his partner trying to take over the schools. \_\_\_\_\_ did not recall talking to LUKENS about \_\_\_\_\_ situation.

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\_\_\_\_\_ recalled \_\_\_\_\_ being a "pest". He remembered \_\_\_\_\_, another LUKENS' staffer, saying they should stop working on the case involving \_\_\_\_\_. \_\_\_\_\_ thought they then stopped working for \_\_\_\_\_. \_\_\_\_\_ thought LUKENS' office might have sent a letter to the Department of Education as part of their efforts on behalf of \_\_\_\_\_.

\_\_\_\_\_ stated that LUKENS never told him that \_\_\_\_\_ was a contributor or that \_\_\_\_\_ had loaned him (LUKENS) money.

\_\_\_\_\_ commented that when \_\_\_\_\_ showed up, "he was everybody's buddy." \_\_\_\_\_ stated that \_\_\_\_\_ would "come back, shake your hand, and start talking."

LUKENS resigned during October, 1990. LUKENS' staff stayed on after LUKENS left. Right after LUKENS resigned, his staff boxed up files, books, trinkets, and other items. They took about 30 boxes to LUKENS' apartment.

Around the beginning of December, 1990, LUKENS' staff vacated his office space. \_\_\_\_\_ explained that, by authorization of the Clerk of the House, outgoing staff gets a month off with pay at the end of the outgoing Congressman's term. There were numerous documents, records, and other items remaining from LUKENS' congressional terms. \_\_\_\_\_ stated that, in an effort to find a repository for the records, he called the National Archives. He was told that they did not want LUKENS' files and that he should check with LUKENS regarding disposal of the records. \_\_\_\_\_ then called LUKENS. LUKENS did not want the files. \_\_\_\_\_ proceeded to call OHIO STATE UNIVERSITY and MIAMI UNIVERSITY in Ohio. Neither place wanted LUKENS' records. \_\_\_\_\_ stated that some of LUKENS' records were thrown away.

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46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 9/23/93, Page 5

Some files containing legislative information were provided to Congressman JOHN BOEHNER, who took LUKENS' seat in Congress. [REDACTED] advised that LUKENS' staff may have left some items in the office space, such as books that no one wanted or thought important. [REDACTED] stated that the computers may have been left for BOEHNER.

[REDACTED] commented that he was "incredibly concerned" about the records from LUKENS' congressional tenure. [REDACTED] stated that he has learned that LUKENS' staff did more than most in the way of trying to find repositories for LUKENS' files and records. [REDACTED] informed that congressional files and records are considered the personal property of the particular member of Congress.

[REDACTED] stated that he has not spoken with LUKENS since his last meeting with the FBI during August, 1993.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/3/93

[redacted] Alexandria, Virginia, telephone [redacted] was contacted at her place of employment, Oak View Elementary School, 5004 Sideburn Road, Fairfax, Virginia, telephone [redacted], where she is a teacher. [redacted] was advised of the identity of the interviewing agent and the nature of the interview and thereafter provided the following information:

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She has only been teaching at Oak View Elementary since September, 1993. Prior to that she was employed as the White House Liaison at the United States Department of Education (USDOE) from January, 1989 through January, 1993. Her job at the USDOE until the middle of 1991 involved the hiring of political appointees. From the middle of 1991 until she departed in January, 1993, she was involved in the USDOE's Chapter 1 Program, which involved the funding of elementary and secondary schools in the poorer areas of the United States.

[redacted] advised that she knows former Congressman DONALD E. LUKENS and a former member of his (LUKENS') staff, [redacted]. She stated that her husband, [redacted] is a political consultant and that [redacted] did some work for him.

She stated that the names [redacted] HENRY WHITESELL or Cambridge Technical Institute (CTI) are unfamiliar to her and she has no recollection of contacting [redacted] when he was employed by Congressman LUKENS regarding same.

[redacted] stated it is certainly possible that she did contact [redacted] if something had come to her attention that she thought Congressman LUKENS should be informed about. [redacted] stated that she read newspaper clippings regarding matters involving the USDOE on a daily basis and that if CTI was mentioned in an article and she thought it should be brought to the attention of LUKENS' office, she very well may have contacted [redacted] however, has no specific recollection of doing so.

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(Telephonic)  
Investigation on 11/3/93 at Falls Church, Virginia File # 46A-WF-179870 -Sub UU  
by SA [redacted] csb Date dictated 11/3/93

46A-WF-179870

Continuation of FD-302 of [REDACTED], On 11/3/93, Page 2

She advised that when she was employed at the USDOE she kept a telephone log of most of the calls she made, however, destroyed same when she left the USDOE's employ. She stated she never maintained a diary which might contain a notation as to any contact she had with LUKENS' office.

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[REDACTED] concluded that if she recalls any information about [REDACTED], HENRY WHITESELL or CTI, she would re-contact the interviewing agent.

46A-WF-179870 Sub UU

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CSB:csb  
1.

On November 5, 1993, [redacted] Legal Secretary, United States Air, 2345 Crystal Drive, Arlington, Virginia, provided Special Agent (SA) [redacted] with the frequent traveler history of [redacted] account number [redacted]

A review of this history by SA [redacted] on the same date reflected the following significant travel by [redacted] as concerns his relationship with former Congressman DONALD E. "BUZ" LUKENS:

August 18, 1990 - [redacted] flies from Dayton, Ohio to Washington, D.C. aboard United States Air flight 1519.

August 21, 1990 - [redacted] flies from Washington, D.C. to Dayton, Ohio aboard United States Air flight 686.

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The above frequent traveler history will be placed in an FD-340 and maintained in the 1A section of the file.

*46A-WF-179870 Sub UU-65*

NOV 3-93 WED 11:08

DOMESTIC/JUVENILE COURT

FAX NO. 462-523

P. 01

Rec'd  
SLH

11-3-93  
10:15

FRANKLIN COUNTY  
COURT OF COMMON PLEAS  
DIVISION OF DOMESTIC RELATIONS  
AND JUVENILE BRANCH  
373 S. HIGH STREET  
COLUMBUS, OHIO 43215

FACSIMILE TRANSMISSION

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DATE 11-3-93

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Spec. Lgt



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FAX #

(202) 324-6426

ADDRESS

7799 Leesburg Pike  
Falls Church VA 22043

FROM

Judge Ronald Solone

COMMENTS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_





FRANKLIN COUNTY  
COURT OF COMMON PLEAS  
DIVISION OF DOMESTIC RELATIONS  
AND JUVENILE BRANCH

JUDGES  
GEORGE W. TWYFORD  
RONALD L. SOLOVE  
KATHERINE S. LIAS  
YVETTE M. MCGEE

November 2, 1993

Special Agent   
Federal Bureau of Investigation  
7799 Leesburg Pike  
Falls Church, Virginia 22043

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Re: Donald E. Lukens

Dear Ms.

Here is the information you requested concerning *State of Ohio v. Donald E. Lukens*, our case number 89JU-03-1477:

Date of arrest: March 1, 1989

Charge: Contributing to the delinquency of a minor (first degree misdemeanor)

Date of Conviction: May 26, 1989

Date of Sentencing: June 30, 1989

Sentence:

180 days, Franklin County Correction Center

150 days suspended

\$1000 fine

\$500 suspended

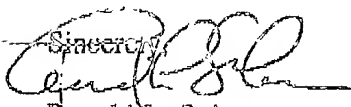
One year probation

Pay costs

Sentence was enforced beginning June 12, 1990, following affirmance of conviction on appeal.

I hope this is all the information you need. If you have questions, please feel free to contact me.

Sincerely,

  
Ronald L. Solove  
Judge

# Memorandum



To : SAC (46A-WF-179870) (Sub UU) (P)

Date 11/5/93

From : SA [redacted] and [redacted] (C-9)

Subject: BIG BOUNCE;  
MAJOR CASE #55;  
(OO:WMFO)

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C/S  
11/5/93

The following is a summary/chronology of information pertaining to the investigation of former U.S. Congressman DONALD E. "BUZ" LUKENS (Sub UU), and is prepared for the purpose of assisting U.S. Department of Justice (USDOJ) attorneys in drafting a criminal indictment against LUKENS and Ohio businessman [redacted]

LUKENS was a U.S. Congressman from the 8th District of Ohio. He served two terms in congress from 1967 through 1971. He served in the Ohio State Senate from approximately 1971 until he was reelected to the U.S. House of Representatives in 1986. LUKENS served two terms as a U.S. Congressman from 1987 through 1990. He was defeated in a reelection primary during May, 1990. LUKENS resigned his congressional seat in October, 1990.

[redacted] was President and Director of Education for Cambridge Technical Institute (CTI), a trade school with several branches throughout Ohio. The principal owner of CTI was HENRY WHITESELL. CTI, under the direction of WHITESELL and [redacted], engaged in illegal practices through which government monies were obtained. Specifically, CTI representatives would recruit individuals who were not capable students to apply for admission to CTI. Often, the results of admissions examinations would be altered so that unqualified individuals would be permitted to enroll at CTI. Once the students were enrolled, CTI officials would apply for financial aid for the individuals in the form of Pell Grants and Guaranteed Student Loans. Checks would be issued to the respective students, who were obligated to repay any borrowed funds. CTI would have the students endorse the checks over to CTI and collect the funds. In some cases, endorsements were forged to facilitate the negotiation of the checks and acquisition of funds by CTI. In many cases, the students recruited by CTI would drop out of school, often within a few days of enrolling.

① - 46A-WF-179870 (Sub UU)

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(1)

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In those instances, CTI should have refunded the monies provided by the government via Pell Grants and Guaranteed Student Loans. However, CTI kept the funds and much of the money apparently ended up in the hands of WHITESELL and [REDACTED]. According to information from the U.S. Department of Education (USDOE), CTI's cohort default rates for approximately 1988 through 1990 ranged from 80.5 percent to 85 percent.

The above-stated unscrupulous activities on the part of CTI resulted in several legal actions being brought against CTI. In 1988, a complaint was filed against CTI by the State of Ohio Attorney General's Office. In 1989, the Legal Aid Society in Cincinnati, Ohio, brought a lawsuit against CTI. During August, 1990, USDOE instituted an audit of CTI's operations. According to interviews with several former CTI employees and [REDACTED] himself, CTI personnel created numerous false documents to deceive USDOE auditors into believing that sufficient numbers of students had attended CTI for appropriate periods of time to justify the draws of government funds.

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During May, 1990, LUKENS was campaigning for reelection to the U.S. House of Representatives. Due to his arrest and conviction on criminal charges related to his sexual misconduct, LUKENS' campaign was receiving very little funding. At the same time, CTI was attempting to stop the Legal Aid Society action. [REDACTED] consulted LUKENS for assistance. LUKENS indicated that if reelected, he would be able to stop the suit, however, LUKENS requested a sizable sum of money up front. On or about May 1, 1990, WHITESELL and [REDACTED] each wrote \$7,500 checks payable to LUKENS. [REDACTED] provided the \$15,000 to LUKENS, who deposited the funds into his House Bank account on 5/3/90. LUKENS then wrote a \$20,000 check to his campaign committee. The \$20,000 was used to make a last ditch campaign blitz in an effort for LUKENS to retain his congressional seat. The effort was unsuccessful and LUKENS lost the primary election to JOHN BOEHNER.

[REDACTED] subsequently made a \$2,500 payment to LUKENS in June, 1990, and \$5,000 payments to LUKENS during August and September, 1990. The \$5,000 payment in August, 1990 occurred at approximately the same time as the initiation of the USDOE audit of CTI.

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The following is a chronological listing of significant events/transactions involving or related to LUKENS and [REDACTED]

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- 8/26/88 - Complaint filed by State of Ohio Attorney General's Office against CTI.
- 3/1/89 - LUKENS is arrested in Ohio for "Contributing to the Delinquency of a Minor" (first degree misdemeanor) for his sexual relationship with an underage girl.
- 5/26/89 - LUKENS is convicted of the above offense.
- 6/5/89 - LUKENS deposits \$1,920 of cash into his House Bank account (transaction date 6/6/89).
- 6/13/89 - LUKENS deposits \$900 of cash into his House Bank account.
- 6/30/89 - LUKENS is sentenced to 180 days (150 days suspended) in the Franklin County Correction Center, a \$1,000 fine (\$500 suspended), one year probation and to pay court costs. This sentence was enforced beginning 6/12/90 following affirmance of conviction on appeal.
- 7/24/89 - LUKENS deposits \$1,000 of cash into his House Bank account (transaction date 7/25/89).
- 7/89 - Legal Aid Society lawsuit instituted against CTI.
- 11/7/89 - [redacted] writes Check number 511 against her Sovran Bank account payable to BUZZ LUKENS for \$2,000. Notations on the check state "To a friend-Good Luck" and "Loan".b6  
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- 11/9/89 - Deposit of \$2,000 check from [redacted] is credited to LUKENS' House Bank account.
- 1/5/90 - LUKENS flies from Washington, D.C. to Dayton, Ohio via U.S. Air flight 491.
- 1/9/90 - LUKENS flies from Dayton, Ohio to Washington, D.C. via U.S. Air flight 1519.
- 1/26/90 - LUKENS flies from Washington, D.C. to Dayton, Ohio. (Clerk of House Report).
- 1/29/90 - LUKENS flies from Dayton, Ohio to Washington, D.C. via U.S. Air flight 1512.
- 2/2/90 - LUKENS flies from Washington, D.C. to Dayton, Ohio via U.S. Air flight 453.

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2/5/90 - LUKENS flies from Dayton, Ohio to Washington, D.C. via U.S. Air flight 453.

2/9/90 - LUKENS flies from Washington, D.C. to Dayton, Ohio via U.S. Air flight 453.

2/17/90 - LUKENS flies from Dayton, Ohio to Washington, D.C. via U.S. Air flight 1915.

2/22/90 - LUKENS flies from Washington, D.C. to Dayton, Ohio via U.S. Air flight 157.

2/23/90 - LUKENS flies from Dayton, Ohio to Washington, D.C. (Clerk of House Report).

2/24/90 - LUKENS flies from Washington, D.C. to Dayton, Ohio. (Clerk of House Report).

2/27/90 - LUKENS flies from Dayton, Ohio to Washington, D.C. (Clerk of House Report).

3/2/90 - LUKENS flies from Washington, D.C. to Dayton, Ohio via U.S. Air flight 453.

3/9/90 - LUKENS flies from Washington, D.C. to Dayton, Ohio. (Clerk of House Report).

3/9/90 - Check number 4684 is written against an account held by Bohecker's Business College (BBC) at Fifth Third Bank (FTB), Cincinnati, Ohio, payable to [REDACTED] for \$7,500. The check bears the signatures of [REDACTED] and WHITESELL. A notation on the check states "Rent Expense".

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3/9/90 - Check number 4689 is written against the FTB account held by BBC payable to [REDACTED] for \$1,219.09. The check bears the signatures of [REDACTED] and WHITESELL. A notation on the check states "Exp. Reimb".

3/12/90 - LUKENS flies from Dayton, Ohio to Washington, D.C. (Clerk of House Report).

3/15/90 - LUKENS flies from Washington, D.C. to Dayton, Ohio via U.S. Air flight 453.

3/19/90 - LUKENS flies from Dayton, Ohio to Washington, D.C. via U.S. Air flight 1512.

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- 3/24/90 - LUKENS flies from Dayton, Ohio to Washington, D.C.  
VIA U.S. Air flight 157.
- 3/30/90 - LUKENS flies from Washington, D.C. to Dayton, Ohio.  
(Clerk of House Report).
- 4/1/90 - LUKENS flies from Dayton, Ohio to Washington, D.C.  
via U.S. Air flight 1921.
- 4/6/90 - LUKENS flies from Washington, D.C. to Dayton, Ohio.  
(Clerk of House Report).
- 4/12/90 - LUKENS flies from Dayton, Ohio to Washington, D.C.  
(Clerk of House Report).
- 4/13/90 - [ ] writes check number 642 against her  
Sovran Bank account payable to BUZZ LUKENS for \$1,000.  
Notation on the check states "Loan".
- 4/18/90 - Deposit of \$1,000 check from [ ] is credited to  
LUKENS' House Bank account.
- 4/19/90 - LUKENS flies from Washington, D.C. to Dayton, Ohio.  
(Clerk of House Report).
- 4/27/90 - LUKENS flies from Washington, D.C. to Dayton, Ohio.  
(Clerk of House Report).
- 4/30/90 - LUKENS flies from Dayton, Ohio to Washington, D.C.  
(Clerk of House Report).
- 4/90 - (approximately three-four weeks before LUKENS' 5/8/90  
primary election).  
LUKENS asks [ ] his Legislative Director, to  
look into a situation where [ ] and CTI are  
allegedly being hassled by the USDOE. [ ] contacts  
[ ] who requests that LUKENS use his influence  
as a congressman to persuade the Legal Aid Society to  
drop their lawsuit against CTI and to get the USDOE to  
cease its investigation. [ ] contacts USDOE  
officials on several occasions and learns that [ ]  
[ ] and CTI are under investigation for recruiting  
unqualified individuals to attend their schools,  
obtaining government monies for these students and  
failing to refund the funds when the students leave  
school. [ ] talks with a woman at the Legal Aid  
Society (LAS) who informs him LAS has no intention of  
dropping the lawsuit against CTI.

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- 4/20/90 - [ ] writes check number 948 for \$1500 against her account at First American Bank payable to DONALD LUKENS.
- probably 4/90 - [ ] CTI's Director of Admissions, is present during a conversation between WHITESELL and [ ] in the lobby of CTI's corporate headquarters in Cincinnati, Ohio. [ ] and WHITESELL are extremely worried about the outcome of the Legal Aid Society lawsuit and USDOE investigation and are trying to do anything they can to stop them. [ ] tells WHITESELL that, if reelected, LUKENS indicated he would be able to stop the lawsuit against CTI, however, LUKENS would need \$10,000 to \$20,000 up front. [ ] later got the impression that LUKENS had been paid. b6 b7C
- 4/23/90 - LUKENS flies from Dayton, Ohio to Washington, D.C. via U.S. Air flight 157.
- 4/30/90 - At 3:04PM, a four-minute telephone call is made from LUKENS' Hamilton, Ohio office to CTI.
- 4/30/90 - LUKENS flies from Dayton, Ohio to Washington, D.C. (Clerk of House Report).
- 5/90 - [ ] and one or two other individuals visit LUKENS at his office in Washington, D.C., immediately before or after LUKENS' May 8, 1990 primary election.
- 5/1/90 - LUKENS flies from Washington, D.C., to Dayton, Ohio via U.S. Air flight 686.
- 5/1/90 - At 1:32 PM, a six-minute telephone call is made from CTI to LUKENS' office in Hamilton, Ohio. b6 b7C
- 5/1/90 - At 3:45 PM, a four-minute telephone call is made from LUKENS' Hamilton, Ohio office to CTI.
- 5/1/90 - [ ] writes a \$7,500 check payable to DONALD E. LUKENS. WHITESELL also writes a \$7,500 check payable to LUKENS. During an interview, LUKENS claimed that he received a telephone call from a man named [ ], whom he had never met before. [ ] wanted to help LUKENS with his reelection campaign. LUKENS and [ ] met at a restaurant in Lebanon, Ohio. During the meeting, [ ] wrote LUKENS a check for \$15,000. LUKENS deposited the check from [ ] into his bank account and then wrote a check

to loan the money to his campaign committee. In an interview, [ ] described his version of the transaction. [ ] said that he met with LUKENS in Lebanon, Ohio, because LUKENS had been bugging him for money for about three to four weeks. [ ] indicated that he had known LUKENS for a long time. [ ] stated that he finally relented and gave LUKENS a \$7,500 check as a loan for his campaign. [ ] claimed to have no knowledge of the \$7,500 check from WHITESELL and denied providing that check to LUKENS at the same time he gave LUKENS his \$7,500 check.

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- 5/2/90 - LUKENS writes check number 1855 against his House Bank account payable to the Lukens Campaign Committee for \$20,000. LUKENS represents to [ ] his District Chief of Staff and de facto campaign treasurer, that he is loaning his own money to the campaign.
- 5/3/90 - The two \$7,500 checks from [ ] and WHITESELL, along with a U.S. Treasury check for \$4,857.56, are deposited into LUKENS' House Bank account.
- 5/3/90 - LUKENS' Campaign Committee writes check number 2392 against its account at First National Bank payable to LUKENS for \$2,000.
- 5/7/90 - Deposit of \$2,000 check from LUKENS' Campaign Committee is credited to LUKENS' House Bank account.
- 5/8/90 - LUKENS loses his primary election to JOHN BOEHNER.
- 5/9/90 - At 1:39 PM, a one-minute telephone call is made from CTI to LUKENS' office in Hamilton, Ohio.
- 5/9/90 - At 1:40PM, a one-minute telephone call is made from CTI to LUKENS' office in Washington, D.C.
- 5/9/90 - At 1:41PM, a one-minute telephone call is made from CTI to LUKENS' office in Middletown, Ohio.
- 5/9/90 - At 1:42PM, a one-minute telephone call is made from CTI to LUKENS' office in Washington, D.C.
- 5/9/90 - LUKENS flies from Dayton, Ohio to Washington, D.C. (Clerk of House Report).
- 5/11/90 - LUKENS flies from Washington, D.C. to Dayton, Ohio via U.S. Air flight 686.



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- 5/13/90 - LUKENS flies from Dayton, Ohio to Washington, D.C. via U.S. Air flight 1921.
- 5/14/90 - At 11:44AM, a six-minute telephone call is made from CTI to LUKENS' office in Washington, D.C.
- 5/17/90 - At 12:18PM, a one-minute telephone call is made from CTI to LUKENS' office in Washington, D.C.
- 5/18/90 - At 11:42AM, a six-minute telephone call is made from CTI to LUKENS' office in Washington, D.C.
- 5/24/90 - At 1:17PM, a one-minute telephone call is made from CTI to LUKENS' office in Washington, D.C.
- 5/24/90 - Check number 5282 is written against the FTB account held by BBC payable to [ ] for \$1,500. The check contains the signatures of [ ] and WHITESELL. A notation on the check reads "Balance March Rent".
- 5/24/90 - Check number 5283 is written against the FTB account held by BBC payable to [ ] for \$5,000. The check contains the signatures of [ ] and WHITESELL. A notation on the check reads "Rent 5/1/90 to 5/31/90".
- 5/29/90 - At 11:49AM, a one-minute telephone call is made from CTI to LUKENS' office in Washington, D.C.
- 5/30/90 - Two calls are made from CTI to LUKENS' Washington, D.C. office at 11:54AM and 3:33PM for two minutes and one minute respectively.
- 5/31/90 - Three calls are made from CTI to LUKENS' Washington, D.C. office at 10:07AM, 2:44PM and 3:55PM, for one, one and three minutes respectively.

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Probably  
5 or 6/90- [ ] has a conversation with [ ] who is frustrated with the lack of results by LUKENS' office. [ ] tells [ ] something to the effect of "we have alot invested in your boss". Also, on one occasion, [ ] makes a threat to "take care of" a woman who was associated with either the USDOE or the Legal Aid Society. [ ] relays the information concerning the implied threat to LUKENS' Administrative Assistant, [ ] who tells him to stop dealing with [ ]

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- 6/1/90 - Four calls are made from CTI to LUKENS' Washington, D.C. office at 11:27AM, 11:55AM, 11:56AM and 2:10PM for one, one, six and one minutes respectively.
- 6/7/90 - At 2:11PM, a one-minute telephone call is made from CTI to LUKENS' office in Washington, D.C.
- 6/12/90 - LUKENS begins serving his sentence on the Ohio charges following affirmance of conviction on appeal.
- 6/15/90 - Two calls are made from CTI to LUKENS' Washington, D.C. office at 1:57PM and 1:59PM for two and four minutes respectively.
- 6/18/90 - [ ] writes check number 106 against his Savings of America Liquid Asset Account payable to DONALD E. LUKENS for \$2,500.
- 6/19/90 - Deposit of the \$2,500 check from [ ] is credited to LUKENS' House Bank account.
- 6/22/90 - LUKENS' flies from Washington, D.C. to Dayton, Ohio via U.S. Air flight 475.
- 6/24/90 - LUKENS flies from Dayton, Ohio to Washington, D.C. via U.S. Air flight 1921.
- 6/27/90 - At 9:57AM, a one-minute telephone call is made from LUKENS' Hamilton, Ohio office to CTI.
- 6/29/90 - At 10:36AM, a six-minute telephone call is made from CTI to LUKENS' office in Washington, D.C. b6  
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- 7/5/90 - At 2:39 PM, a four-minute telephone call is made from CTI to LUKENS' office in Middletown, Ohio. Also, two telephone calls are made from CTI to LUKENS' Washington, D.C. office at 2:44PM and 2:51PM for three and two minutes respectively.
- 7/10/90 - [ ] leaves LUKENS' employ. [ ] turns over CTI/[ ] matter to [ ]
- 7/10/90 - Check number 5586 is written against the FTB account held by BBC payable to [ ] for \$2,000. The check contains the signature of [ ] and a stamp of WHITESELL's signature. A notation on the check reads "June Rent Expense".

7/10/90 - Check number 5587 is written against the FTB account held by BBC payable to [ ] for \$2,000. The check contains the signature of [ ] and a stamp of WHITESELL's signature. A notation on the check reads "June-500.00 July 1500.00".

7/10/90 - Check number 5588 is written against the FTB account held by BBC payable to [ ] for \$8,056.86. The check contains the signature of [ ] and a stamp of WHITESELL's signature. A notation on the check reads "Expense Reimbursement-MIDD".

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7/17/90 - At 2:50PM, a one-minute telephone call is made from CTI to LUKENS' office in Washington, D.C.

7/24/90 - At 1:42PM, a two-minute telephone call is made from CTI to LUKENS' office in Washington, D.C.

7/30/90 - At 4:22PM, a one-minute telephone call is made from CTI to LUKENS' office in Washington, D.C.

probably  
8/90 -

[ ] who from July, 1990 through September, 1990 is working in Hawaii on the Congressional Campaign of FRANK HUTCHINSON, receives a telephone call from [ ] wants to know the status of the CTI/[ ] situation and states that LUKENS wants to resurrect the matter.

8/1/90 - Final Judgment and Approval of Settlement Agreement filed pursuant to the Legal Aid Society lawsuit. CTI agrees to permanently close down its Cincinnati campus by 10/5/90 and WHITESELL and [ ] are given prohibitions regarding their ownership or operation of proprietary schools in the Cincinnati, Ohio area.

8/7/90 - Check number 5803 is written against the FTB account held by BBC payable to [ ] for \$2,500. The check contains the signatures of [ ] and WHITESELL. A notation on the check reads "Partial Rent Payment for July 1990".

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8/9/90 - [ ] writes check number 755 against her Sovran Bank account payable to BUZZ LUKENS for \$1,000. A notation on the check reads, "As always-Hoping for your success, [ ]"

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8/13/90 - The 8/9/90 check from [ ] for \$1,000 is negotiated at the House Bank. It is endorsed D.E. LUKENS.

8/16/90 - Check number 5883 is written against the FTB account held by BBC payable to [ ] for \$1,000. The check contains the signatures of [ ] and WHITESELL. A notation on the check reads "Rent Expense".

8/17/90 - At 10:31AM, a one-minute telephone call is made from CTI to LUKENS' office in Washington, D.C.

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8/18/90 - [ ] flies from Dayton, Ohio to Washington, D.C. via U.S. Air flight 1519.

8/20/90 - [ ] writes check number 116 against his Savings of America Liquid Asset Account payable to DONALD E. LUKENS for \$5,000.

8/20 or 8/21/90 - USDOE audit instituted at CTI's campuses in Cincinnati and Dayton.

On or about

8/21/90 - [ ] who is in Washington, D.C., calls CTI's headquarters in Cincinnati, Ohio. WHITESELL tells [ ] that an inspection team from USDOE is on CTI'S premises. WHITESELL commands [ ] to "Get your ass in here". [ ] flies from Washington, D.C. to Dayton, Ohio aboard U.S. Air FLIGHT 686. [ ] returns to Cincinnati, arriving about 7:00PM that day. [ ] meets privately with WHITESELL who is "extremely agitated". According to [ ], WHITESELL admits that he has drawn down on Pell Grant funds in excess of what was entitled to CTI. The excess may amount to hundreds of thousands of dollars. WHITESELL allegedly directs [ ] to assemble a team to fabricate records to support the Pell Grant draws. WHITESELL supposedly makes various threats to secure [ ] cooperation.

8/21/90 - Deposit of 8/20/90 check from [ ] for \$5,000 is credited to LUKENS' House Bank account.

8/21/90 - (transaction date 8/22/90)  
LUKENS writes a \$1,300 check against his House Bank account payable to "cash". The check is negotiated at the House Bank, being stamped by teller number three.

Approximately

8/20 or - LUKENS contacts the USDOE Office of Legislation and  
8/21/90 Congressional Affairs on behalf of [ ] LUKENS  
talks with [ ] and describes [ ] as a  
"close personal friend" and "supporter" who is being  
treated unfairly by USDOE. LUKENS' approach is "hard  
sell" and [ ] gets the impression from LUKENS that  
in a perfect world USDOE would stop its investigation  
of CTI. [ ] refers the information to his assistant,  
[ ] for further investigation.

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Approximately

8/20 to - [ ] contacts [ ] who vehemently complains  
8/22/90 about the USDOE conducting unannounced simultaneous  
audits at several CTI campuses. [ ] indicates  
that he and LUKENS are "close friends".

Approximately

8/21 or - [ ] Section Chief, Institutional Review  
8/22/90 Board, USDOE, receives a telephone call from [ ] of  
the USDOE's Office of Legislation and Congressional  
Affairs, advising her of LUKENS' contact with their  
office. [ ] informs [ ] of the serious nature  
of the allegations against CTI. [ ] and  
possibly [ ] superior, [ ] decide that  
the Office of Legislation and Congressional Affairs  
will not involve itself or intercede in the USDOE audit  
on behalf of [ ] or [ ] calls  
LUKENS' office and advises one of his staffers of the  
decision not to interfere with the USDOE audit.

8/22/90 - According to [ ] WHITESELL directly instructs  
CTI employees to fabricate four student files. These  
files were from a sample of 106 files selected by USDOE  
examiners for review.

8/22/90 - Two one-minute telephone calls are made from CTI to  
LUKENS' office in Washington, D.C. at 3:46PM and  
5:14PM.

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8/25/90 - [ ] writes check number 117 against his Savings  
of America Liquid Asset Account payable to [ ]  
[ ] for \$2,000. A notation on the check reads  
"Legal Counsel".

8/26/90 - LUKENS flies from Dayton, Ohio to Washington, D.C. via  
U.S. Air flight 1921.

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- 8/27/90 - At 9:44AM, a one-minute telephone call is made from CTI to LUKENS' office in Washington, D.C.
- 8/27/90 - LUKENS flies from Washington, D.C. to Dayton, Ohio. (Clerk of House Report).
- 8/29/90 - LUKENS flies from Dayton, Ohio to Washington, D.C. (Clerk of House Report).
- 9/4/90 - At 1:09PM, a one minute telephone call is made from CTI to LUKENS' office in Washington, D.C.
- 9/5/90 - At 2:50PM, a one-minute telephone call is made from CTI to LUKENS' office in Washington, D.C.
- 9/19/90 - [ ] as a confidential source, is interviewed in Waterloo, Iowa, by USDOE investigators regarding potential criminal activity perpetrated by WHITESELL at CTI. [ ] is accompanied by his attorney, [ ] essentially blames all of CTI's problems on WHITESELL.
- 9/19/90 - [ ] writes check number 119 against his Savings of America Liquid Asset Account payable to [ ] for \$5,000.
- 9/23/90 - [ ] writes check number 120 against his Savings of America Liquid Asset Account payable to LUKENS for \$5,000.
- 9/25/90 - LUKENS writes a letter to [ ] in which he encloses a document that reads as follows: "To whom it may concern: I, the undersigned, do acknowledge receipt of \$4,000.00 from [ ] as a personal loan. Payment in full is due and payable on or about October 1, 1991. (signed) D.E. LUKENS".
- 9/26/90 - Deposit of 9/23/90 check from [ ] for \$5,000 is credited to LUKENS' House Bank account.
- 10/10/90- [ ] rejoins LUKENS staff in Washington, D.C.
- Late 10/90 - LUKENS resigns his Congressional seat rather than face an impending inquiry by the House Ethics Committee.
- 10/28/90- HENRY WHITESELL is murdered in the Cincinnati, Ohio area.

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10/29/90- [ ] tells [ ] "I didn't do it", referring to WHITESELL's murder. [ ] statement is not provoked by any type of accusation by [ ]

Sometime between

11/90 - [ ] asks [ ] if LUKENS was able to do anything to help CTI with respect to the USDOE audit or the Legal Aid Society lawsuit. [ ] responds that LUKENS was unsuccessful.

12/17/90 - Cable News Network (CNN) airs feature on government fraud perpetrated through trade schools for which [ ] was interviewed. Sometime earlier, [ ] travelled to Washington, D.C. to do the interview for CNN. While in Washington, [ ] visited LUKENS' office. During the visit, [ ] spoke with [ ] for a few minutes about questions to expect from the CNN interviewer.

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Miscellaneous Information:

Cambridge Technical Institute, Inc. (CTI) is a corporation for profit licensed in the State of Ohio under Charter number 645684. CTI was known to have offices at the following addresses:

Corporate Headquarters -  
30 Garfield Place  
Suite 840  
Cincinnati, Ohio 45402

704 Race Street  
Cincinnati, Ohio 45202

37 West Seventh Street  
Cincinnati, Ohio

207 East 8th Street  
Cincinnati, Ohio

39-45 South Main Street  
Dayton, Ohio 45402

1350 West Third Street  
Cleveland, Ohio

3629 Winchell Road  
Shaker Heights, Ohio 44122

Legal Aid Society (LAS) is an organization chartered by the Legal Services Corporation of Washington and located in Cincinnati, Ohio. The LAS serves the legal interests of qualified low-income individuals who fall below the Federal poverty level. The LAS receives Federal funding for its operations.

United States Department of Education (USDOE) - [redacted] Section Chief, Institutional Review Board, USDOE, Chicago, Illinois, advised that Title 34 of the Code of Federal Regulations (CFR) governs Federal student loan programs. It states that the Secretary of Education has the right to inspect any records regarding the eligibility of students who are receiving Federal aid. Schools have a fiduciary responsibility to administer programs in accordance with Federal regulations. Schools sign a participation agreement to this effect. USDOE's authority to enter a school to conduct an audit is contained in Section 668.23 of Title 34 CFR.

L. HENRY WHITESELL - Principal owner and officer of Cambridge Technical Institute (CTI). WHITESELL was murdered on 10/28/90.

[redacted] - Director of Education, Administrative Vice-President of Operations, and/or President of CTI. [redacted] was also possibly an 18 2/3 percent owner of CTI. [redacted] now owns and operates Bohecker's Business College located at 161 East Main Street, Ravenna, Ohio. [redacted] is a white male, DOB [redacted] POB Middletown, Ohio, SSAN [redacted] lists his address as [redacted] Road, Middletown, Ohio, although he lives during the week in Ravenna, Ohio. [redacted] is married to [redacted] and they have two children, approximate ages 10 and 15 years old.

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DONALD EDGAR "BUZ" LUKENS - former U.S. Congressman from the 8th District of Ohio. LUKENS served four terms in Congress from approximately 1967 through 1971 and 1987 through 1990. LUKENS ran unsuccessfully for Governor of Ohio around 1971. He served in the Ohio State Senate between his two tenures as a U.S. Congressman. LUKENS is currently doing some management consulting work. He is allegedly a partner with [redacted] of World Financial Monitor. LUKENS is a white male, DOB 2/11/31, SSAN 286-28-8739. LUKENS presently resides at 1000 6th Street, S.W., Washington, D.C.

LUKENS held account number 4725 at the House Bank. From around July, 1988, through December, 1990, LUKENS wrote approximately 142 to 148 overdraft checks against his House Bank account, according to different calculations of such checks.



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CSB:csb

1.

On November 8, 1993, Special Agent [redacted] received from RONALD L. SOLOVE, Judge, Franklin County, Ohio Court of Common Pleas, Division of Domestic Relations and Juvenile Branch, 373 South High Street, Columbus, Ohio, telephone [redacted] information concerning the arrest and disposition of DONALD E. LUKENS. This information is as follows:

Date of Arrest: March 1, 1989

Charge: Contributing to the delinquency of a minor  
(first degree misdemeanor)

Date of Conviction: May 26, 1989

Date of Sentencing: June 30, 1989

Sentence: 180 days, Franklin County Correction Center  
150 days suspended

\$1,000 fine  
\$500 suspended

One year probation

Pay costs

The sentence was enforced beginning June 12, 1990, following affirmance of conviction on appeal.

Attached hereto is a copy of Judge SOLOVE'S letter to SA [redacted]. The original will be placed in an FD-340 and maintained in the 1A section of the file.

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46A-WF-179870 Sub UU-68



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to  
File No. 46A-WF-179870 SUB UU

1900 Half Street  
Washington D. C. 20535  
November 16, 1993

[redacted]  
Investigations Specialist  
Higher Education Assistance Foundation  
Suite 500  
85 East Seventh Place  
St. Paul, Minnesota 55101

Dear [redacted]

Our office is currently conducting an investigation, one aspect of which involves improprieties at Cambridge Technical Institute (CTI). During our examination of records, we came across a letter, dated 5/16/90, to [redacted] of CTI, from [redacted], of the Higher Education Assistance Foundation (HEAF). The letter advises Roberson that CTI's application for recertification has been denied because of late refunds, high HEAF and cohort default rates, and low graduation rates. We are interested in reviewing whatever files HEAF maintains concerning CTI and any evaluations HEAF has made of CTI's programs. We are also interested in identifying any HEAF personnel who worked on the review of CTI and possibly discussing their findings with them. Additionally, we would like to know if HEAF was contacted by any CTI officials or outside entities to inquire about or attempt to influence HEAF's evaluation of CTI. Any information you can provide will be greatly appreciated. Please direct your correspondence to Special Agent [redacted], telephone number [redacted]. Thank you for your help.

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Very truly yours,

*Anthony E. Daniels*  
Anthony E. Daniels  
Assistant Director In Charge

By: [redacted]  
Supervisory Special Agent

46A-WF-179870-44  
-69  
SEARCHED INDEXED  
SERIALIZED FILED

C9

FBI

## TRANSMIT VIA:

☐ Teletype  
☐ Facsimile  
☒ AIRTEL

## PRECEDENCE:

☐ Immediate  
☐ Priority  
☐ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☐ UNCLAS

Date 11/1/93

TO : SAC WMFO (46A-WF-179870 SUB UU) (C-9)  
FROM : SAC, CLEVELAND (46A-WF-179870) (RUC) (ARA)  
SUBJECT : BIG BOUNCE;  
MAJOR CASE #55;  
FAG;  
OO: WMFO

Reference WMFO TT to CV, dated 8/2/93, and CV TT to WMFO, dated 8/19/93.

All investigation within the Cleveland Division has been completed to date and forwarded to WMFO. Therefore, SAC, Cleveland considers this matter RUC.

2 - WMFO  
2 - Cleveland  
(4)  
JRG

46A-WF-179870-44  
70

Approved: \_\_\_\_\_ Transmitted \_\_\_\_\_ (Number) (Time) Per \_\_\_\_\_

23  
108

WMFO 46A-WF-179870 Sub UU  
GWS:kch

1

The following investigation was conducted by Special Agent (SA) [REDACTED] at Falls Church, Virginia, on the dates indicated:

On October 14, 1993, a review was conducted of

[REDACTED]

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[REDACTED]

[REDACTED]

b3

Additionally, [REDACTED]

[REDACTED]

46A-WF-179870 Sub UU-71

- 1 -

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/7/94

[ ] was telephonically contacted at her place of employment, HIGHER EDUCATION ASSISTANCE FOUNDATION (HEAF), Suite 500, 85 East Seventh Place, Saint Paul, Minnesota 55101-2173, telephone number [ ] was an Investigations Specialist for HEAF. After being advised of the identity of the interviewing agent and the nature of the interview, [ ] furnished the following information:

[ ] advised that HEAF was a multistate private non-profit organization established for the purpose of guaranteeing student loans under the Federal Financial Aid Program. [ ] stated that 99 percent of students receive some form of Title IV financial aid. Financial aid can be provided in the form of guaranteed student loans, now called the Stafford Student Loan Program. Aid can also be provided via Pell Grants, which furnish funds that students are not obligated to repay. b6 b7C

[ ] explained how HEAF was involved in the process of providing financial aid to students. She advised that students would borrow money from a bank or savings and loan. HEAF would guarantee the repayment of the funds to the financial institution. Thus, the lending institution could make student loans at virtually no risk. The school that the student was attending would certify to HEAF that the student was eligible to receive financial aid and specify how much. An application would be prepared and sent to HEAF. HEAF would review the application to determine whether the criteria for it to guarantee the loan had been met. As part of its review process, HEAF would check to make sure the borrowing student had a legitimate Social Security Account Number (SSAN), whether the student had any previous defaults, whether the application was for the right amount of money, and other considerations.

Investigation on 11/17/93 at FALLS CHURCH, VA File # 46A-WF-179870, SUB UU-  
by SA [ ] Pedd Date dictated 1/25/94 b6 b7C **Text**

46A-WF-179870, SUB UU

Continuation of FD-302 of [REDACTED], On 11/17/93, Page 2

After HEAF guaranteed a student loan, it did not have any involvement with the loan until the loan was in the repayment mode. HEAF would try to keep the student loans it guaranteed from going into default. [REDACTED] advised that the loans HEAF guaranteed were reinsured by the Federal Government up to 80 percent. The Federal Government would reduce its reinsurance of loans as the number of defaults increased.

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[REDACTED] informed that HEAF charged guarantee premiums on the loans it insured. The premiums were paid by the students receiving the loans. HEAF also received an administrative cost allowance from the Federal Government pursuant to the loans it insured.

[REDACTED] advised that schools desiring to participate in the guaranteed student loan program were required to seek eligibility through the UNITED STATES DEPARTMENT OF EDUCATION (DOE). Guarantee agencies such as HEAF would receive information from the eligibility branch of DOE concerning qualified schools. It was then the decision of the individual guarantee agencies and lending financial institutions whether to work with a particular school.

[REDACTED] confirmed that HEAF had guaranteed loans for students at CAMBRIDGE TECHNICAL INSTITUTE (CTI), which operated trade schools throughout Ohio. CTI started using HEAF to guarantee its students' loans during the 1980's and continued to use HEAF through 1988, when HEAF stopped providing guarantee services for Ohio schools. When CTI began working with HEAF, it furnished HEAF with a DOE eligibility letter. CTI's DOE eligibility number was 023015. HEAF checked the eligibility list from DOE to make sure CTI was an eligible school. HEAF ultimately provided guarantees on several million dollars worth of loans to CTI students.

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[REDACTED] advised that, by 1988, HEAF was experiencing increasing default rates on loans it guaranteed for students at proprietary schools, including CTI. HEAF decided to stop guaranteeing loans for proprietary school students in Ohio. Thus, HEAF ceased guaranteeing loans for CTI students. HEAF did not do any business with CTI for about a one year period beginning around 1988.

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Continuation of FD-302 of [REDACTED], On 11/17/93, Page 3

When HEAF decided to start guaranteeing loans for students at Ohio proprietary schools again, it required all schools that wanted to use its service to go through a recertification process. [REDACTED] commented that, prior to 1988, HEAF did not conduct any initial review of schools that wished to have their students' loans guaranteed by HEAF. The recertification procedures came about as the result of problems with schools, such as high default rates, which caused HEAF to cut back its operations around 1988.

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[REDACTED] advised that, in early 1990, CTI reapplied to use HEAF as a guarantor of its students' loans. HEAF began the process to check out CTI, including making a determination as to whether CTI had the administrative capability to handle a student loan program. As part of the review process, HEAF requested financial information from CTI and had CTI complete a HEAF School Participation Questionnaire. HEAF received financial statements for CTI from [REDACTED] a Certified Public Accountant (CPA). HEAF also received a participation questionnaire from CTI which was dated March 6, 1990 and signed by L. HENRY WHITESELL, the Chairman of CTI. One copy of this questionnaire is attached for incorporation herein. [REDACTED] summarized some of the pertinent information contained on CTI's participation questionnaire. WHITESELL was listed as the owner of CTI since 1984. CTI employed one fulltime financial aid officer. CTI was accredited by the Accrediting Council for Continuing Education and Training (ACCET). The most recent accreditation review by ACCET occurred during December, 1988. CTI's accreditation was reviewed every three years and an accreditation review was scheduled for December, 1991.

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[REDACTED] provided some of the student information contained on CTI's March 6, 1990 participation questionnaire. CTI represented that 6423 students had enrolled in CTI during the past two academic years. Of the students enrolled at CTI, 43% were admitted under the "ability to benefit" program meaning they had neither a high school diploma or a graduate equivalency degree (GED). CTI admitted students under the "ability to benefit" criteria if they could successfully complete a test given to them by CTI. CTI represented that it had a 64% graduation rate for students admitted under the "ability to benefit" program. On the participation questionnaire, CTI stated that 3.2% of its students enrolled but never attended classes, 8% withdrew within the first two weeks of study, and 29% withdrew

46A-WF-179870, SUB UU

Continuation of FD-302 of [REDACTED]

, On 11/17/93, Page 4

before completion of the program they were in. CTI represented that 68.4% of its students completed the program in which they were enrolled (the other 2.6% of students were still enrolled at CTI). CTI listed that 73% of its graduating students had obtained employment in the field in which they were educated and trained. CTI stated that 99% of its students received some type of Title IV financial aid in the form of Pell Grants or Stafford Loans. [REDACTED] stated that there was no way for HEAF to verify the above-stated statistical data furnished by CTI. Thus, HEAF had to rely on the integrity of CTI and its officials for the accuracy of the information.

[REDACTED] advised that the UNITED STATES DEPARTMENT OF EDUCATION (DOE) or the State of Ohio would have conducted a review of CTI's financial aid office's ability to administer the financial aid program. The DOE or other reviewing agency's program review report should have been included with the other information furnished by CTI to HEAF. However, [REDACTED] could not locate the program review report. [REDACTED] informed that CTI provided an eligibility letter from the DOE. b6 b7C

[REDACTED] stated that HEAF ultimately denied CTI's 1990 application to use HEAF as a guaranty agency. [REDACTED] advised that HEAF considered CTI to be a "high risk." HEAF cited CTI's high default rates, high student dropout rates, low student graduation rates, and late refunds of loans granted to students that left school among other factors. With respect to the late refunds, [REDACTED] explained that students who withdraw within the first half of the program are usually entitled to refunds. HEAF notified CTI of its denial of CTI's application for recertification via a letter dated May 16, 1990. One copy of the letter is attached for incorporation herein. CTI had 15 days to appeal the denial of its application. [REDACTED] stated that CTI did not respond. She advised that there was no correspondence in HEAF's file on CTI reflecting any objection to HEAF's denial of CTI's application for recertification. b6 b7C

[REDACTED] advised that the CTI representatives who dealt primarily with HEAF on the recertification issue were apparently WHITESELL, CTI President [REDACTED] and CTI Financial Aid Director [REDACTED]



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Continuation of FD-302 of [REDACTED]

, On 11/17/93, Page 5

[REDACTED] stated that HEAF did not conduct a program review of CTI. HEAF was aware of a couple of complaints involving CTI from borrowers who had later defaulted on their student loans. The complainants attended CTI for a few days and then dropped out. However, they were held liable for the full amounts of their students loans. In both cases, CTI apparently made appropriate refunds. In the second case, CTI was late in getting the refund check to the lender. [REDACTED] advised that the two cases took place in March and July of 1989. [REDACTED] indicated that HEAF had dealt with [REDACTED] in at least one instance.

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[REDACTED] informed that CTI used other guarantee agencies besides HEAF. GREAT LAKES HIGHER EDUCATION CORPORATION (GLHEC), of Madison, Wisconsin, provided guarantees on some of the loans obtained by students at CTI. [REDACTED] advised that [REDACTED] of GLHEC, telephone number [REDACTED], could provide more information on the relationship between GLHEC and CTI. The OHIO STUDENT LOAN COMMISSION (OSLC) in Columbus, Ohio, also guaranteed loans for CTI students. [REDACTED] informed that [REDACTED] of the OSLC Investigations Department, telephone number [REDACTED], could furnish more information about the OSLC's involvement with CTI. [REDACTED] speculated that CTI probably had a couple of particular banks that it used to negotiate loans for its students. [REDACTED] was asked why CTI would need HEAF when it was already using GLHEC and the OSLC to guarantee its students' loans. She suggested that CTI might have received quicker service from the lending banks when HEAF served as the guarantor of the loans.

[REDACTED] advised that [REDACTED], an official of HEAF, had spoken with [REDACTED] of the OSLC, around April 2, 1990. Notes in HEAF's file on CTI indicated that CTI had an "incredible volume" of loans guaranteed by the OSLC. However, CTI's default rate was very low at that time. [REDACTED] mentioned that the OSLC would be conducting a review of CTI in the future, and that the OSLC wanted CTI "off their system." [REDACTED] also informed that a few lenders had "cut off" CTI, which might explain CTI's application to HEAF.

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Continuation of FD-302 of [REDACTED]

, On 11/17/93, Page 6

Notes in the HEAF file also indicated that [REDACTED] had talked with an official at GLHEC around April 3, 1990. As of May 31, 1989, CTI students had \$3.4 million of loans guaranteed by GLHEC and about \$2.6 million from June 1, 1989 through the date of the call. At the date of the conversation between [REDACTED] and the GLHEC representative, only approximately \$3,900 of the loans were in default. [REDACTED] explained that it takes about two years for student loans to go into default and for loan guarantee agencies to recognize they have problems with the loans. That may account for the deceptively low default rates calculated by the OSLC and GLHEC around April, 1990.

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[REDACTED] advised that it does not appear that HEAF was ever contacted by a public official or such official's staff on behalf of CTI. [REDACTED] stated that there were no notes in HEAF's file indicating any contact by anyone outside of CTI. She informed that there were no telephone messages from anyone trying to intercede on CTI's behalf. HEAF traditionally filed telephone messages it received. [REDACTED] asked other HEAF employees, including HEAF's Senior Corporate Counsel, if they recalled receiving calls from a public official or his office regarding CTI. No one remembered any such call. Additionally, [REDACTED] contacted [REDACTED], who did not recall calls from any outside entity on behalf of CTI. [REDACTED] did not remember anything unusual about CTI's situation.

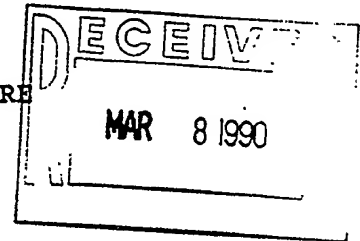
[REDACTED] informed that [REDACTED] went to a different guarantee organization, NORTHSTAR GUARANTY. [REDACTED] can be reached at telephone number [REDACTED]

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[REDACTED] stated that HEAF would provide copies of all records pertaining to its relationship with CTI upon receipt of a written request by the FBI. HEAF's records include a certification file on CTI and a file containing other information.

[REDACTED] advised that HEAF got into some type of legal trouble around July, 1990. HEAF is currently in the process of going out of business. After December 31, 1993, HEAF will cease to exist. Its records will be maintained by the Deputy Assistant Secretary for Student Financial Assistance, UNITED STATES DEPARTMENT OF EDUCATION, 400 Maryland Avenue, S.W., Washington, D.C.

HEAF SCHOOL PARTICIPATION QUESTIONNAIRE



Background Information:

1. School Name: Cambridge Technical Institute ED GSL Code: 023-015  
[ ☒ ] Main Campus [ ] Branch Campus
2. Type of Institution  
[ ] Public or Private/Non-Profit Trade or Technical School  
[ ] Proprietary Business School or Junior College  
[ ] Proprietary Cosmetology School  
[ ☒ ] Proprietary Trade or Technical School  
[ ] Correspondence School  
[ ] Foreign School
3. Address: 39-45 South Main Street  
City, State, Zip: Dayton, Ohio 45402
4. School Contact: [ ] Financial Aid Director [ ]  
(name, title & telephone number, including area code)
5. If main campus, please attach a list of the names and addresses of all branches. If branch campus, please identify the name and address of the main campus Exhibit A  
If main campus and school was formerly a branch campus, please identify former main campus affiliation. N/A
6. Financial Aid Director: [ ]
7. Owner's Name: Henry Whitesell Telephone Number: (513 ) 721-7773  
Owner's Home Address: 2 Garfield Place #1607 Home Number: (513 ) 241-5208  
Cincinnati, OH 45202
8. How long has the current owner had possession of the school: 1984
9. a. Name of previous owner None  
b. Is the previous owner affiliated with the school-YES NO  
c. If yes, in what capacity \_\_\_\_\_

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10. Is the current owner affiliated with any other schools: Yes

If so, attach a list of the names, addresses and GSL vendor codes of all affiliated, main and branch campuses. Exhibit (B)

11. Has the owner or any employee ever been convicted of or pled "nolo contendere" to financial aid fraud: No

12. How long has the school been in operation: Since 1984

13. Accredited by: ACCET

How long: Six Years If less than two years, give name of the previous accrediting agency and reasons for change: \_\_\_\_\_

14. Date of last accreditation review: December, 1988

Date of next accreditation review: December, 1991

15. Include any stipulations or any current provisions for continued accreditation: None

16. Has the institution ever been or is it now the subject of any type of review or consequential action (e.g. Pell reimbursement, Limitation, Suspension or Termination) by state or private non-profit guaranty agency or the Department of Education or an accreditation agency:

No

If yes, explain: \_\_\_\_\_

17. Attach a copy of the school's audited financial statements(i.e. balance sheets, income statements and any notes to the financial statements) for the past two fiscal years and any interim statements.

Exhibit (C)

18. Attach a copy of the school's most recent two-year SFA audit.

Exhibit (D)

19. Attach a copy of the school's most recent DOE and/or guaranty agency program review report.

Exhibit (E)

20. Attach a copy of your most recent DOE Letter of Eligibility and Program Participation Agreement.

Exhibit (F)

21. Attach a copy of your most recent letter of accreditation.

Exhibit (G)

22. Attach a copy of your state license.

Exhibit (H)

**Student Information:**

23. During the last two academic years, how many students have enrolled at your school (those signing enrollment agreements): 6,423

24. During the last two academic years, what percentage of those students identified above enrolled under the ability to benefit provisions: 43%

25. During the last two academic years, what percentage of those students were high school graduates or had GEDs? 57%

26. During the last two academic years, what percentage of the ability to benefit students graduated: 64%

27. During the last two academic years, what percentage and how many of your students:

- a. signed an enrollment agreement (were officially enrolled) but never attended: 3.2 % 205 #
- b. Withdrew within two weeks of study: 8 % 497 #
- c. Withdrew within the first quarter of the loan period:  
12 % 746 #
- d. Withdrew within the first half of the loan period:  
18 % 1,243 #
- e. Withdrew before completion of the program: 29 % 1,803 #
- f. Are still enrolled: 2.6 % 161 #
- g. Completed the program for which they enrolled:  
68.4 % 4,253 #

\* (e + f + g = 100%)

28. If available, during the last two academic years, how many of your graduating students have gone on for further education: 808

29. During the last two academic years, what percentage and how many of your graduating students have been placed in a position of employment relative to the education they received at your school:  
73 % 3,105 #

30. Please attach a copy of the school's most recent Appendix 'A' - Track Record Disclosure.

Exhibit I

31. Please define your academic year in clock hours or credit hours: 24 credit hour

32. What procedure must a student follow to officially withdraw from school?

Exhibit J

33. How does the school determine the withdrawal date for students who do not formally withdraw? The physical last day of recorded attendance

34. What is the average length of time for these determinations to be made?  
14 days

35. What is the procedure for notifying lenders of student withdrawals.  
Lender Notifications and Student Status Confirmation Reports.

36. Please include a copy of the institution's satisfactory academic progress policy. Pages 11 and 12 of school catalog

37. Please include a copy of the school's catalog.

Exhibit (K)

**Academic Program Information:**

38. Please list any correspondence courses that are provided as a part of your curriculum: None

39. List any programs offered at the school which are ineligible for student aid: None

40. List all programs offered, the percentage of students in each, the length of each program, whether a degree or non-degree certificate is offered, and the tuition for each program (attach additional sheets if necessary).

Program	# of Students Enrolled	Program Length*	Degree or Non-Degree Certificate	Tuition
Data Entry	192	6 mo. 24 credits	<del>Certificate</del>	
Word Processing	208	6 mo	<del>Certificate</del>	
Private Security	104	6 mo	<del>Certificate</del>	
Custodial Maintenance	144	6 mo	<del>Certificate</del>	
Nursing Assistant	152	6 mo	Certificate	

Program Length\*: Give lengths in days/months but also provide information on the number of clock or credit hours in program.

41. What is the average starting salary for each of the programs offered at your institution: \$5.00 to \$9.00 per hour

#### Administrative Information:

42. Check the appropriate response pertaining to your financial aid personnel:

#### Experience

☐ None  
☐ Consultant                      Years \_\_\_\_\_ Months \_\_\_\_\_  
☐ Part-time FAO                      Years \_\_\_\_\_ Months \_\_\_\_\_  
☒ Full-Time FAO                      Years 9 Months 3  
☒ Other 10 full-time FAO's                      Years \_\_\_\_\_ Months \_\_\_\_\_

at four schools average 3 years

Indicate the name and address of your consultant:

N/A

43. Do you administer Ability to Benefit tests: YES x NO \_\_\_\_  
 If yes, please attach the following: 1) copy of test 2) policy for administering test 3) passing score. (7th grad minimum but varies with difficulty of program.)  
 Exhibit (L&M)
44. Do you conduct loan entrance interviews: YES x NO \_\_\_\_  
 If yes, please attach an outline.  
 Exhibit N
45. Do you conduct loan exit interviews: YES x NO \_\_\_\_  
 If yes, Please attach an outline.  
 Exhibit O
46. Do you have debt management counseling: YES x NO \_\_\_\_  
 If yes, please attach a description of materials used.  
 Exhibit P See Item #1

47. Do you have a default management program: YES ☒ NO ☐  
If yes, please describe the program and attach a copy of any material given to students.

Exhibit Q

48. Other than the loan application, do you use supplemental documents describing borrower rights and responsibilities: YES ☒ NO ☐  
If yes, please attach a copy of the documents.

Exhibit R

49. Do you employ commissioned salespersons to distribute loan applications to students during recruitment: YES ☐ NO ☒

50. Provide a comprehensive description of recruiting practices, commission structure, etc.

Exhibit S

51. Do you have a Drug Abuse Program available to students and employees: YES ☒ NO ☐

**Loan/Grant Information:**

52. In which Title IV programs do you currently participate: \_\_\_\_\_

Pell Grant and Stafford Loan Program

53. On an average, what percentage of your students receive some type of Title IV benefit: 99%

54. Please indicate the percentage of students who received Stafford, PLUS, or SLS loans during the past twelve months or last two academic years: 99%

55. During the last twelve months or two academic years, indicate what percentage of students received both Stafford and SLS loans: 15%

56. Explain your check disbursement procedures. Include how your school handles and releases proceeds, verifies enrollment, how proper identification of students is made, procedures for delayed disbursement if required because of default rate, etc.:

Disbursements are made in the F.A. office after verification is completed

and standards of progress have been met. Enrollment is verified by attendance

records. Identification is made by student's ID card and drivers license.

Funds are not disbursed to students until 30 days after the quarter has begun.



57. Indicate your Stafford, PLUS and SLS volume for the current year and your projections for the next three years:

STAFFORD:		PLUS:		SLS:	
# Loans	\$ Amount	# Loans	\$ Amount	# Loans	\$ Amount
1,350	3,543,750	N/A	N/A	N/A	N/A
Current Yr		Current Yr		Current Yr	
1,300	3,412,500	N/A	N/A	N/A	N/A
1st Yr		1st Yr		1st Yr	
1,250	3,281,250	N/A	N/A	N/A	N/A
2nd Yr		2nd Yr		2nd Yr	
1,200	3,150,000	N/A	N/A	N/A	N/A
3rd Yr		3rd Yr		3rd Yr	

58. Name of agencies presently guaranteeing your student's loans:

agency	Ohio Student Loan Commission	% of loans	66
agency	Great Lakes Higher Education	% of loans	34
agency		% of loans	

59. What is your school's calculated default rate: 73%

Calculated by: ☒ DOE ☐ School Calculation  
☐ Another Guaranty Agency--Name of Agency \_\_\_\_\_  
 Combined 1986 & 1987

60. If your cohort default rate is over 20% has Appendix 'D' been fully implemented? yes If not, please provide justification for any component not implemented.

61. What percentage of your student loans are:

a. Full cancellations: 3%  
 b. Subsequent disbursement cancellations: 21%

62. Within the last twelve months or two academic years:

a. Number of student withdrawals: 1,803  
 b. Number of refunds due to students in (a): 1,264  
 c. Number of refunds actually paid for students in (b): 1,264  
 d. Percent of refunds paid within the required time period: 56

\* 41% more refunds made within 10 days - see audit.

Please provide an explanation for any refunds which were not paid on time.

In prior years the institution has not used a determination date in dropping the student, but worked directly with the last recorded day of attendance. Due to our make-up policy, however, the institution has implemented a determination point at which time the student would be dropped. Calculations for refund purposes would be based on the physical last day of attendance. Refunds will be made within 30 days of the date of determination.

63. Please attach a copy of the institution's Refund Policy.  
Exhibit T
64. Please attach a detailed description of the school's refund procedures.  
See exhibit T above.
65. What is the average student loan debt level of your students:  
\$1,745.00

I, the undersigned, certify under penalty of perjury, that the information contained in this questionnaire is true, complete and accurate to the best of my knowledge and belief and is made in good faith. I understand that the information contained in this questionnaire may be audited or reviewed for accuracy. I also acknowledge that any false information may lead to termination of my institution's eligibility by HEAF.

I authorize HEAF to contact any of the school's prior or present accrediting agencies, guaranty agencies or any other organization which could provide any needed information.

L. Henry Whitell, CHAIRMAN  
Authorized Signature and Title

3/6/90  
Date

Return the completed packet to:

School Certification Unit  
HEAF  
Suite 500  
85 East Seventh Place  
Saint Paul, Minnesota 55101

F1146 2/90

**HEAF**

Higher Education Assistance Foundation

A member of the HEAF group

Suite 500  
85 East Seventh Place  
Saint Paul, Minnesota 55101-2173  
612-227-7661

May 16, 1990

Cambridge Technical Institute  
Ms. [REDACTED]  
Financial Aid Director  
39-45 South Main Street  
Dayton, OH 45402

Dear Ms. [REDACTED]

Your application for recertification with the Higher Education Assistance Foundation (HEAF) has been received.

After careful consideration of the materials submitted, your application for recertification has been denied. The following is a listing of the major factors upon which the decision was based:

- (1) Late refunds.
- (2) High HEAF and cohort default rates.
- (3) Low graduation rate for ability to benefit students.

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You are entitled to a hearing on this matter. A request for a hearing must be submitted in writing and received by the School Certification Unit within 15 days from the date of this letter. A copy of HEAF's Rules for Recertification, Limitation, Suspension, and Termination is enclosed. If you request a hearing, you will be notified of the date scheduled for your institution to appear in St. Paul, Minnesota. If a hearing request is not received within 15 days, HEAF will consider your application withdrawn and you may reapply in 12 months.

[REDACTED]

School Certification Unit

/sc

Enclosure

- 1 -

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/17/93

[redacted] was interviewed at the U.S. DEPARTMENT OF JUSTICE (DOJ), Washington, D.C. Also present during the interview was DOJ Attorney [redacted]. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] furnished the following information:

[redacted] stated that he now recalled meeting a man named [redacted] saw [redacted] on two occasions. He met [redacted] for the first time over a cup of coffee with DONALD "BUZ" LUKENS, who was then a U.S. Congressman. [redacted] remembered that [redacted] had a young woman with him at the first meeting. [redacted] had the impression that [redacted] was trying to impress the woman. [redacted] recalled that the meeting involving himself, LUKENS, and [redacted] took place sometime not too long after criminal sex offense charges were filed against LUKENS. [redacted] described the tone of the meeting as "conciliatory", with [redacted] telling LUKENS how much his mother was a supporter of his. [redacted] and LUKENS also talked about THE ACTION FUND, a non-profit organization established by LUKENS which acquires medical supplies and other goods for donation to countries such as Nicaragua. [redacted] commented that the meeting with [redacted] and LUKENS was a "typical BUZ meeting". [redacted] explained that LUKENS never turned down a request of anyone who wanted to meet him unless he could not fit it into his schedule. [redacted] stated that no cash or checks changed hands between [redacted] and LUKENS at the aforementioned meeting.

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After the meeting between [redacted] LUKENS, and the woman with [redacted] LUKENS was in good spirits. [redacted] stated that LUKENS was happy to have met with someone who still supported him. LUKENS mentioned to [redacted] that [redacted] was part owner of some business schools in Ohio.

[redacted] advised that he met [redacted] a second time when he picked up some goods that [redacted] was donating to THE ACTION FUND. He believed that meeting took place during the

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Investigation on 10/28/93 at Washington, D.C. File # WMFO 46A-WF-179870 Sub  
by SA [redacted] Date dictated 11/4/93  
UU -72

WMFO 46A-WF-179870 Sub UU

Continuation of FD-302 of \_\_\_\_\_, On 10/28/93, Page 2

summertime, possibly in 1989. LUKENS directed \_\_\_\_\_ to pick up the items from \_\_\_\_\_ but LUKENS did not go along to the meeting with \_\_\_\_\_. \_\_\_\_\_ advised that \_\_\_\_\_ contributed two computers and two facsimile machines to THE ACTION FUND. \_\_\_\_\_ picked up the goods at \_\_\_\_\_ house in Middletown, Ohio. \_\_\_\_\_ ultimately got the boxes of items to LUKENS' apartment in Washington, D.C. He could not recall if he drove the goods to Washington or if he had them shipped. \_\_\_\_\_ mentioned that \_\_\_\_\_ a contributor to LUKENS' political campaigns, ran a trucking business and could have hauled the computers and facsimile machines to Washington. \_\_\_\_\_ stated that, although LUKENS was not present for \_\_\_\_\_ donation, LUKENS was aware of the contribution by \_\_\_\_\_ and of the receipt of the equipment in Washington.

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\_\_\_\_\_ stated that the above-stated occasions were the only two times he met \_\_\_\_\_. \_\_\_\_\_ claimed that he has not spoken with \_\_\_\_\_ since the second meeting, during which he picked up goods for THE ACTION FUND. \_\_\_\_\_ commented that he probably would not recognize \_\_\_\_\_ if he saw him again. \_\_\_\_\_ advised that \_\_\_\_\_ was not a contributor to LUKENS' political campaigns. \_\_\_\_\_ stated that, in his position as LUKENS' campaign treasurer, he would have known if \_\_\_\_\_ was a contributor.

\_\_\_\_\_ was questioned concerning a \$20,000 loan that LUKENS' made to his re-election campaign around May, 1990. \_\_\_\_\_ commented that, prior to the loan from LUKENS, the campaign had virtually no money. \_\_\_\_\_ recalled that LUKENS asked about doing radio advertising. \_\_\_\_\_ told him it would cost around \$20,000. LUKENS then brought in a check for \$20,000. \_\_\_\_\_ did not ask LUKENS where the \$20,000 came from. He commented that "BUZ will tell you what he wants you to know." \_\_\_\_\_ indicated that LUKENS' reticence about the source of \$20,000 meant that he did not intend to tell anyone where he obtained the money. LUKENS did not tell \_\_\_\_\_ that he had borrowed money from \_\_\_\_\_. \_\_\_\_\_ reiterated that \_\_\_\_\_ was not a campaign contributor.

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\_\_\_\_\_ was asked about a \$2000 check written by the LUKENS CAMPAIGN COMMITTEE payable to LUKENS on 5/3/90. \_\_\_\_\_ verified his signature on the \$2000 check. \_\_\_\_\_ stated that right after LUKENS made the \$20,000 payment to his campaign fund, he \_\_\_\_\_ realized that the campaign would not need all of the

WMFO 46A-WF-179870 Sub UU

Continuation of FD-302 of [REDACTED], On 10/28/93, Page 3

and always needed money. Thus, [REDACTED] decided to pay back some of LUKENS' money right away.

[REDACTED] advised that LUKENS came out to Ohio about a week or two before the election primary in May, 1990. LUKENS stayed in Ohio and did not return to Washington until after the election.

[REDACTED] informed that he and LUKENS bought a house together in Middletown, Ohio. The approximate purchase date was 1/19/89. [REDACTED] advised that the sex offense charges were filed against LUKENS just a few weeks after they purchased the house together. [REDACTED] informed that [REDACTED] and [REDACTED] represented LUKENS at his criminal trial.

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[REDACTED] advised that he spoke with LUKENS the day before yesterday. He also talked to LUKENS around April, 1993. LUKENS called then to say his mother had moved to Xenia, Ohio. [REDACTED] said he spoke with LUKENS one more time between the foregoing calls when LUKENS called him with tax questions about the sale of the house.

[REDACTED] informed that he prepared LUKENS' tax returns on several occasions.

[REDACTED] concluded by stating that he was never present at any meeting where [REDACTED] gave money or a check to LUKENS.

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C-9

FBI

## TRANSMIT VIA:

☒ Teletype  
☐ Facsimile  
☐ AIRTEL

## PRECEDENCE:

☐ Immediate  
☐ Priority  
☒ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☒ UNCLAS

Date 11/24/93

FM FBI WMFO (46A-WF-179870 SUB UU) (P)

TO FBI CINCINNATI/ROUTINE/

FBI CLEVELAND/ROUTINE/

BT

UNCLAS

CITE: //3920//

SUBJECT: BIG BOUNCE; MAJOR CASE #55; OO;WMFO

RE 11/23/93 TELCALL BETWEEN SSA [REDACTED] CINCINNATI  
 DIVISION, AND SA [REDACTED], WMFO DIVISION, AND  
 11/24/93 TELCALL BETWEEN SA [REDACTED] CLEVELAND DIVISION,  
 AKRON RA, AND SA [REDACTED]

FOR INFORMATION OF RECEIVING OFFICES, ON 11/29/93, SA  
 [REDACTED], WMFO, WILL TRAVEL TO THE CINCINNATI  
 DIVISION TERRITORY TO CONDUCT INVESTIGATION ON ABOVE CAPTIONED  
 MATTER. SA [REDACTED] WILL BE WORKING WITH SA [REDACTED] OF THE  
 CINCINNATI DIVISION. LATER IN THE WEEK, SA [REDACTED] WILL TRAVEL

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46A-WF-179870 Sub UU  
 76 32 -74

Approved: AED/07/94 Original filename: 145001W. 328Time Received: 240 Telprep filename: 145001SO. 328MRI/JULIAN DATE: 1411/328 ISN: 038FOX DATE & TIME OF ACCEPTANCE: 11/24/93 242 KLT

^PAGE 2 WMFO (46A-WF-179870 SUB UU) UNLCAS

TO CLEVELAND DIVISION TERRITORY TO CONDUCT INVESTIGATION. SA

[ ] IS NOT EXPECTING TO NEED ASSISTANCE FROM THE CLEVELAND  
DIVISION. SA [ ] WILL RETURN TO WMFO AROUND 12/3/93. SACS

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IN CINCINNATI, CLEVELAND, AND WMFO CONCUR WITH SA [ ]

TRAVEL TO COVER LEADS.

BT



- 1 -

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/7/93

[redacted] DOB: [redacted], POB: Grand Rapids, Michigan, SSAN: [redacted] was interviewed at the U.S. DEPARTMENT OF JUSTICE (DOJ), Washington, D.C. [redacted] is currently employed with the Committee on Education and Labor, Washington, D.C., telephone number [redacted]. Also present during the interview was DOJ Attorney [redacted]. After being advised of the purpose of the interview, [redacted] provided the following information:

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[redacted] advised that he had graduated from KALAMAZO COLLEGE in Michigan. He did an internship with Congressman MARK SILJANDER. [redacted] had also previously worked for the REPUBLICAN NATIONAL COMMITTEE and for Congressman FRED UPTON. In early 1989 [redacted] went to work for the DEPARTMENT OF EDUCATION (DOE). While working for DOE [redacted] served as [redacted] and [redacted] for Congressional Affairs.

While employed with DOE [redacted] recalled taking a telephone call from Congressman DONALD "BUZ" LUKENS. [redacted] could not remember the date of the call, but it apparently took place around the time DOE was auditing a technical school owned by a friend of LUKENS. LUKENS told [redacted] that the DOE was coming down really hard on his friend and his friend's school. LUKENS wanted [redacted] to look into the situation immediately and do something to get DOE "off the back" of his friend. LUKENS said something to the effect of, "I need you to stop this thing if possible." [redacted] recalled LUKENS saying that his friend's business was going to be raided the next day or that something important was going to happen the following day.

[redacted] described LUKENS' demeanor during the call as very excited and somewhat agitated. LUKENS was very insistent on getting an answer to his inquiry right away. [redacted] was under the impression that LUKENS had just found out about his friend's problem. [redacted] thought LUKENS may have been calling him from a pay telephone. [redacted] informed that the duration of the call from LUKENS was only around three to four minutes.

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Investigation on 11/23/93 at Washington, D.C. File # WMFO 46A-WF-179870 SUB uu  
by SA [redacted] Date dictated 11/24/93 -75

WMFO 46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 11/23/93, Page 2

[REDACTED] stated that LUKENS specifically identified the individual on whose behalf he was calling as a friend of his. LUKENS also mentioned that the person was a supporter of his. [REDACTED] further recalled LUKENS saying something to the effect that the individual had been with him for a long time.

[REDACTED] stated that he remembered the call from LUKENS, because it was the only time during his employment with DOE that he received a call from a congressman where the congressman was so demanding.

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[REDACTED] advised that he jotted down some brief notes during his telephone conversation with LUKENS. He gave the piece of paper containing the notes to his assistant [REDACTED]. [REDACTED] asked [REDACTED] to look into the situation described by LUKENS. [REDACTED] made several telephone calls, including a call to the DOE regional office handling the audit of LUKENS' friend's technical school. [REDACTED] found out that the situation involved allegations of serious improprieties at the school being audited. One of the issues concerned high default rates on government guaranteed loans made to students at the school. [REDACTED] learned that there were multiple ongoing investigations of the LUKENS' friend's school.

[REDACTED] decided that his office should not interfere in any way with the proceedings at LUKENS' friend's school. [REDACTED] then called LUKENS' congressional office in Washington, D.C., to notify LUKENS of his findings and his decision not to intervene. [REDACTED] spoke with one of LUKENS' staffers. [REDACTED] was sure the person was LUKENS' administrative assistant. KLATT felt the individual could have been [REDACTED] but he could not be certain of the name. [REDACTED] stated that he would not have talked with anyone but the Congressman or his administrative assistant about a matter as sensitive as the above-stated situation. [REDACTED] advised LUKENS' staffer that his office was not going to do anything to interfere with the audit. He also mentioned that it might behoove LUKENS to stay away from the situation. The staffer informed that he would pass the information on to LUKENS. [REDACTED] told the staffer that LUKENS could call him back if he had any questions. [REDACTED] never received a callback from LUKENS. [REDACTED] recalled that he made the aforementioned call to LUKENS' office within two days of receiving the original call from LUKENS.

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WMFO 46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 11/23/93, Page 3

[REDACTED] advised that he ended up taking the above-stated call from LUKENS because his boss, [REDACTED], was not there. Otherwise, [REDACTED] would have handled a call from a congressman. [REDACTED] is now employed with UNITED WAY. [REDACTED] would also have been a candidate to take such a call from a congressman.

[REDACTED] remembered knowing that LUKENS was a "lame duck" at the time he took the telephone call from him.

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[REDACTED] informed that his office at DOE made weekly reports to the Secretary of Education. He stated that the call from LUKENS may or may not have been mentioned in the weekly report to the Secretary. [REDACTED] advised that the Secretary's Office maintains copies of the weekly reports and places them in the archives. [REDACTED] telephone number [REDACTED] should be able to locate the weekly reports for a particular period of time.

[REDACTED] recalled that a person associated with LUKENS' friend's technical school had been murdered. [REDACTED] did not remember how he heard about the murder. He believed that [REDACTED] may have told him about it.

- 1 -

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/14/93

[redacted] was contacted at her residence, [redacted] Middletown, Ohio, telephone number [redacted] [redacted] was advised of the identity of the [redacted] interviewing Agents and the nature of the interview. She then provided the following information:

[redacted] advised that she had known Congressman DONALD "BUZ" LUKENS back in the 1960s. She stated that she worked on LUKENS' campaign in 1966. [redacted] advised that she and LUKENS' sister [redacted] were neighbors in Middletown, Ohio, at that time. Their kids regularly played together. [redacted] informed that [redacted] moved to Alexandria, Virginia, after LUKENS was elected to Congress, in 1966. [redacted] served as LUKENS' secretary. [redacted] has not heard from [redacted] since she moved away except for possibly an occasional Christmas card. [redacted] does not know where [redacted] is currently living.

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[redacted] was asked about her motivation to work on LUKENS' campaign in 1966. She explained that she knew [redacted] (phonetic), LUKENS' campaign manager at the time. She was also tired of the incumbent congressman. [redacted] advised that she worked a few times in LUKENS' campaign office when they needed help. She answered telephones and handed out political information such as flyers and bumper stickers. She also possibly hosted a coffee for LUKENS. [redacted] stated that she may have made small (under \$50) financial contributions to LUKENS' campaign. [redacted] advised that all of her work for LUKENS took place prior to his election in 1966. She did not do any work for LUKENS after he was elected to Congress.

[redacted] stated that she did not work on any other of LUKENS' political campaigns. She did not work on his campaign for Governor of the State of Ohio, nor did she help on any of his State Senate campaigns. [redacted] did not work on LUKENS' campaigns for election to the U.S. House of Representatives during the 1980s. [redacted] commented that she always voted for LUKENS. She and her husband may have made small financial

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Investigation on 11/29/93 at Middletown, Ohio File # 46A-WF-179870 SUB UU-76  
by SAs [redacted] trs Date dictated 12/6/93

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED]

, On 11/29/93 , Page 2

contributions to LUKENS' other election campaigns. However, they never made a contribution over \$50. These donations were made to LUKENS' campaign committee. [REDACTED] stated that she did not provide any other support to any of LUKENS' campaigns after the 1966 election.

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[REDACTED] advised that she has not had any dealings with LUKENS since the 1966 election campaign. She has not spoken with LUKENS since that time. She may have observed LUKENS since 1966 in a setting such as a restaurant, but she did not recall speaking with LUKENS on any occasion since 1966. [REDACTED] mentioned that her only communications from LUKENS since the first election campaign were through the receipt of his newsletter in the mail.

[REDACTED] stated that LUKENS never helped her in any way. She mentioned that she wrote a letter to LUKENS on behalf of her son [REDACTED]. Her son was in the military and wanted to stay in and fight in the Vietnam War. [REDACTED] had a football injury, and the military was trying to dismiss him because of his disability. [REDACTED] did not recall LUKENS taking any action on behalf of her son. Her son was eventually dismissed by the military.

[REDACTED] informed that she wrote another letter to LUKENS during the 1960s. The letter concerned an open housing deal related to integration. She stated that LUKENS possibly responded through a letter from his office. [REDACTED] stated that she did not solicit or receive help from LUKENS on any other occasions.

[REDACTED] advised that her other son, [REDACTED] was close to LUKENS. [REDACTED] son, [REDACTED] and [REDACTED] were good friends. [REDACTED] moved to the Washington, D.C. area with his mother during the 1960s. [REDACTED] did not know the present whereabouts of [REDACTED]

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[REDACTED] stated that, while [REDACTED] knew LUKENS fairly well, she did not think he got involved with LUKENS' election campaigns. She stated that if her son had supported LUKENS financially, she would not have known about it. [REDACTED] had no knowledge of [REDACTED] providing financial support to LUKENS.

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 11/29/93, Page 3

[REDACTED] was specifically asked whether LUKENS ever contacted her to solicit a political contribution from herself or anyone in her family. [REDACTED] responded that she was never contacted by LUKENS regarding a political contribution. [REDACTED] stated that she never tried to persuade her son, [REDACTED] to donate money to any of LUKENS' election campaigns. She did not even discuss such matters with her son. [REDACTED] had no knowledge of her son making any political contributions to LUKENS.

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[REDACTED] recalled LUKENS' reelection campaign in 1990 and LUKENS' tainted image due to his conviction on sex offense charges. [REDACTED] stated that she had no involvement whatsoever with LUKENS' 1990 reelection bid. She was not contacted by LUKENS regarding the 1990 campaign or to solicit funds for his reelection effort. [REDACTED] did not try to persuade her son, [REDACTED] to make a donation to LUKENS' 1990 campaign.

[REDACTED] stated that she was not contacted by [REDACTED] concerning campaign contributions for LUKENS. She had no knowledge of [REDACTED]

[REDACTED] is a white female. She was born on [REDACTED] in Wayland, Kentucky. She currently teaches [REDACTED] at MIDDLETOWN HIGH SCHOOL.

- 1 -

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/6/94

[redacted] was contacted at his residence, [redacted] Dayton, Ohio, telephone number [redacted] was formerly a student at CAMBRIDGE TECHNICAL INSTITUTE (CTI) and also used to work for CTI. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] advised that, at one time, he worked at SOUTHERN OHIO COLLEGE (SOC). He stated that he exposed officials at SOC for improprieties. [redacted] later became a student at CTI. While at CTI, [redacted] also got a job recruiting prospective students to CTI.

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During his time at CTI, [redacted] became aware of numerous improper practices in CTI's operation. He learned that CTI commonly recruited students who could not read or write. CTI would sign these individuals up for one of CTI's programs. CTI would then apply for financial aid for the students. When financial aid checks were received, CTI would have the students endorse them over to the school. In many instances, the students would drop out shortly after enrolling in CTI. CTI would keep the financial aid monies rather than refunding them to the lenders. In situations where the students dropped out before the financial aid checks were received, CTI personnel would often forge the students' names on the checks and keep the proceeds.

[redacted] decided to report the improprieties at CTI to authorities who could take action against the school. [redacted] reported his allegations to the LEGAL AID SOCIETY (LAS) in Cincinnati, Ohio. [redacted] specifically dealt with [redacted] at LAS. [redacted] provided [redacted] with the names of CTI personnel involved in illegal recruiting practices. [redacted] testified during a disposition with LAS concerning his knowledge of improprieties at CTI. [redacted] also got other CTI students to go to LAS and file complaints against CTI.

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Investigation on 11/30/93 at Cincinnati, Ohio File # WMFO 46A-179870 Sub UU

by SA [redacted] *LS* Date dictated 12/7/93 *-77*

WMFO 46A-179870 Sub UU

Continuation of FD-302 of [redacted], On 11/30/93, Page 2

[redacted] advised that he filed a complaint against CTI with Senator HOWARD METZENBAUM'S office in Cincinnati, Ohio. Senator METZENBAUM'S office referred the matter to the STATE BOARD OF PROPRIETARY SCHOOL REGISTRATION (SBPSR) in Columbus, Ohio. Representatives of the SBPSR contacted [redacted], and [redacted] was interviewed by them. [redacted] recalled that he wrote letters back and forth with the SBPSR. [redacted] did not maintain copies of the letters or any other records pertaining to his complaints against CTI.

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[redacted] stated that HENRY WHITESELL, the owner of CTI, and [redacted] WHITESELL'S right-hand man, were upset about the charges made by [redacted] against CTI. WHITESELL and [redacted] wanted [redacted] to take back the allegations. [redacted] recalled WHITESELL standing on the steps of CTI and saying something to the effect of, "If you don't stop filing these complaints, you're going to get killed". A few days later, while crossing the street to go to the LAS office, [redacted] was confronted by [redacted] and [redacted] two CTI employees. [redacted] and [redacted] proceeded to beat up [redacted] using a metal pipe to do so. They indicated that WHITESELL wanted them to kill him. [redacted] was beaten so badly that he had to go to the hospital. [redacted] filed a police report concerning the incident. [redacted] stated that [redacted] and [redacted] had criminal backgrounds and were stealing from CTI.

After he was beaten up by [redacted] and [redacted] had no more dealings with WHITESELL, [redacted], or CTI. [redacted] had lost his job with CTI and dropped out of school.

[redacted] related an instance where he went to get a financial aid check from [redacted] had [redacted] sign the back of the check. [redacted] kept the check and never let [redacted] see the amount of money for which the check was payable. [redacted] got into a dispute with [redacted] about his financial aid money. [redacted] tried to tell him that he was not entitled to any of the proceeds of the student loan. [redacted] told [redacted] that, since he had exposed CTI, he was not going to get his money. [redacted] indicated that, if [redacted] dropped his charges against CTI, he could get his job back.

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[redacted] stated that CTI was regularly keeping financial aid checks for individuals who had dropped out of school.



WMFO 46A-179870 Sub UU

Continuation of FD-302 of [REDACTED]

, On 11/30/93 , Page 3

[REDACTED] also believes CTI employees were forging signatures to facilitate the negotiation of financial aid checks for persons who had already dropped out of school. [REDACTED] indicated that [REDACTED] was responsible for the foregoing practices at CTI.

Although [REDACTED] did not make explicit threats of violence against [REDACTED] told [REDACTED] that he had "better keep his mouth shut".

[REDACTED] advised that, sometime after the above-stated beating, [REDACTED] contacted him and wanted him to meet him at a HARDEES restaurant at 8:00 p.m. [REDACTED] did not meet [REDACTED] believes [REDACTED] may have wanted to kill him.

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[REDACTED] informed that he was born on [REDACTED] in Cincinnati, Ohio. His Social Security Account Number is [REDACTED] [REDACTED] currently resides in the Trotwood Suburb at [REDACTED] Dayton, Ohio, telephone number [REDACTED] is presently recovering from a gunshot wound. [REDACTED] is going to be married in the near future. His fiancé is [REDACTED] [REDACTED] works at SINGING WOODS MEDICAL CLINIC on Main Street in Dayton, Ohio, telephone number [REDACTED]

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/10/94

[redacted] was contacted at her residence, [redacted] Alexandria, Kentucky, telephone number [redacted] [redacted] was formerly employed with CAMBRIDGE TECHNICAL INSTITUTE (CTI) and worked under HENRY WHITESELL and [redacted] [redacted] After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] furnished the following information:

[redacted] advised that WHITESELL had an association with a [redacted] described [redacted] as a middle-aged black woman who worked for an accrediting board. [redacted] had come to CTI'S offices at which time [redacted] observed her. [redacted] stated that WHITESELL had some type of financial relationship with [redacted] recalled typing up a promissory note documenting a loan made by WHITESELL to [redacted] [redacted] thought the promissory note was probably maintained on a computer disk at CTI'S offices.

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[redacted] was asked about her knowledge of a man named [redacted] responded that [redacted] name "rings a bell". She recalled that [redacted] was an older gentleman who worked for a regulatory agency. [redacted] was sure that she typed some correspondence to [redacted] [redacted] had no knowledge of any payments made by WHITESELL or any other CTI official to [redacted] nor was she aware of any other financial relationship between [redacted] and CTI.

[redacted] commented that WHITESELL paid well and treated his employees well. However, he did not want his employees to ask too many questions.

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[redacted] stated that, while at CTI, she worked on a project whereby paperwork related to Pell Grants, and Guaranteed Student Loans was hurriedly prepared for submission to DEPARTMENT OF EDUCATION (DOE) auditors. WHITESELL gave most of the instructions, but she suspected that [redacted] was also significantly involved. [redacted] and the other CTI employees were

Investigation on 11/29/93 at Cincinnati, Ohio File # WMFO 46A-179870 Sub UU

by SA [redacted] ekch Date dictated 12/7/93

WMFO 46A-179870 Sub UU

Continuation of FD-302 of \_\_\_\_\_, On 11/29/93, Page 2

told something to the effect that they were just catching up records related to students who had attended CTI. In hindsight, she realized that they were actually falsifying paperwork pertaining to the Pell Grants and student loans.

\_\_\_\_\_ advised that WHITESELL and \_\_\_\_\_ were very close. However, after WHITESELL'S death, \_\_\_\_\_ would "talk bad" about WHITESELL. \_\_\_\_\_ thought \_\_\_\_\_ may have taken CTI records to law enforcement authorities and attempted to implicate WHITESELL.

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\_\_\_\_\_ stated that \_\_\_\_\_ "scares" her. She believes \_\_\_\_\_ had something to do with WHITESELL'S murder, although she has no specific evidence to base her suspicions on. \_\_\_\_\_ also thought it was unusual that \_\_\_\_\_ had both a wife and a girlfriend at the same time.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/12/94

[ ] was contacted at his place of employment, STATE BOARD OF PROPRIETARY SCHOOL REGISTRATION (SBPSR), 35 East Gay Street, Columbus, Ohio, telephone number [ ] is an [ ] for the SBPSR. After being advised of the identity of the interviewing agent and the nature of the interview, [ ] provided the following information:

[ ] was born on [ ] in Minneapolis, Minnesota. His Social Security Account Number is [ ] is a black male. [ ] was formerly a Colonel in the U.S. AIR FORCE. [ ] received his Masters and Doctorate degrees from OHIO STATE UNIVERSITY. [ ] served as [ ] COLUMBUS DAY COMMUNITY COLLEGE. [ ] home telephone number is [ ]

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[ ] explained that a technical school must be certified by the SBPSR before it can operate in the State of Ohio. A school must also have all of the programs it offers approved by the SBPSR. [ ] advised that, as an Educational Consultant for the SBPSR, he conducts an in-house review of every school or program that is submitted to the SBPSR for certification. [ ] briefly explained the process followed by technical schools in Ohio. First, the school submits an application concerning itself or a program or programs it wants to offer. A SBPSR consultant will review the application and whatever other supporting items that are provided. After the application is processed, the SBPSR will send a consultant on-site to physically observe the school. The SBPSR uses several consultants who are responsible for different areas of Ohio. After the on-site visit, the school or program goes before the SBPSR for approval. The Board rules on whether to authorize the school or program. If approved, the SBPSR issues a certificate of registration which authorizes the programs the particular school can offer to the public. The registration certificates need to be renewed every two years. The SBPSR passes judgement on various programs offered by technical schools including certificate programs, diploma programs, and associate degree

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Investigation on 12/1/93 at Columbus, Ohio File # 46A-WF-179870 SUB UU-79  
by SA [ ] Date dictated 12/8/93

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 12/1/93, Page 2

programs. [REDACTED] advised that all new programs offered by technical schools in Ohio must always undergo the application and review process of the SBPSR.

[REDACTED] was questioned concerning his knowledge of CAMBRIDGE TECHNICAL INSTITUTE (CTI). [REDACTED] recalled that CTI operated several schools in Ohio, including campuses in Cincinnati, Dayton, Middletown, and Cleveland. CTI offered certificate programs of six to nine months duration in such areas as clerk/typist, computer operations, and custodial maintenance.

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[REDACTED] advised that CTI's schools were accredited by national organizations like the ASSOCIATION OF INDEPENDENT AND COLLEGE SCHOOLS (AICS) and the ACCREDITING COUNCIL FOR CONTINUING EDUCATION AND TRAINING (ACCET). [REDACTED] believed at least some of the CTI schools were accredited by ACCET, because he remembered accompanying ACCET officials in the capacity as an observer on some type of on-site visit to CTI's Dayton campus. [REDACTED] explained that a technical school must have a national accreditation in order to qualify to receive Federal Title IV monies. [REDACTED] informed that for ACCET to even look at a school, the school must be licensed in its State of operation and must have operated for at least two years.

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[REDACTED] advised that he reviewed applications submitted by CTI on many occasions and made several visits to CTI's campuses. During his dealings involving CTI, [REDACTED] talked on numerous occasions to HENRY WHITESELL and [REDACTED]. [REDACTED] explained that he is a curriculum expert. When CTI would experience problems such as how to do new programs, WHITESELL and/or [REDACTED] would contact [REDACTED] for advice.

[REDACTED] stated that he did not recall anything particularly good or bad about CTI's schools. [REDACTED] recalled there being complaints about CTI's school in Cleveland during the period when it was getting started. [REDACTED] recalled that the Cleveland school's program looked fine on paper, but that there were questions related to the quality of the school's equipment and other similar concerns. [REDACTED] felt CTI's Dayton school was much better than its Cleveland school. [REDACTED] stated that CTI's Dayton campus had a good building, good equipment, good instructors, and appeared to be operating "quite well." [REDACTED] advised that he only went to CTI's Middletown school once. [REDACTED] went with [REDACTED] the consultant for the SBPSR who handled that territory. [REDACTED] recalled that a student had made a

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Continuation of FD-302 of [REDACTED], On 12/1/93, Page 3

complaint against one of the instructors at CTI's Middletown school. [REDACTED] remembered that the complaint was not nearly as serious as it had originally sounded. [REDACTED] suggested to CTI officials that they refund the complaining student's money and let her finish the course for free.

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[REDACTED] recalled that CTI had one small school in Cincinnati. CTI's corporate headquarters was also located in Cincinnati. [REDACTED] went to CTI's corporate offices on two or three occasions to consult with CTI officials regarding CTI's programs and possible new offerings. [REDACTED] also stated that he once went to CTI's corporate headquarters in conjunction with a visit by ACCET. [REDACTED] stated that he was not aware of any large-scale complaints concerning CTI's school in Cincinnati.

[REDACTED] stated that he was once in Cincinnati when CTI was having a big Christmas party. [REDACTED] stopped by the party and saw WHITESELL and [REDACTED]

[REDACTED] stated that WHITESELL and [REDACTED] never took him to dinner, to ball games, or wined and dined him in any other manner. [REDACTED] claimed that he "stayed away" from those types of situations.

[REDACTED] stated that WHITESELL and/or [REDACTED] never offered him cash or other gratuities in an attempt to influence his judgement. [REDACTED] described [REDACTED] who handled the region including CTI's campuses in southwest Ohio, as a "straight arrow." [REDACTED] said that [REDACTED] would lecture WHITESELL and [REDACTED] not to offer money or gratuities to regulatory officials.

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[REDACTED] advised that he did not do any outside work for WHITESELL, [REDACTED] or CTI for which he was paid. [REDACTED] informed that he did perform some program revision work for them. However, [REDACTED] stated that he did not receive any compensation. [REDACTED] stated that, although he was technically a regulator, he also provided advice to the schools he reviewed.

[REDACTED] maintained that he never received any payments or compensation of any sort from WHITESELL, [REDACTED] or CTI. [REDACTED] reiterated that he was never offered anything by WHITESELL, [REDACTED] or any other person associated with CTI.

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 12/1/93, Page 4

[REDACTED] was questioned concerning an individual named [REDACTED]. [REDACTED] advised that he knew [REDACTED] and stated that she worked for ACCET, the accrediting body for CTI. [REDACTED] advised that [REDACTED] was representing ACCET at CTI's Dayton campus at the same time he was serving as an observer for the SBPSR during a visit to the Dayton location of CTI. [REDACTED] stated that he thought the review of CTI's Dayton campus went reasonably well. [REDACTED] stated that he did not observe anything improper on the part of [REDACTED] or anyone else. [REDACTED] advised that he was only present for the morning portion of a full day visit at the Dayton campus of CTI. WHITESELL and [REDACTED] were also present during the review at the Dayton campus. b6 b7C

[REDACTED] stated that he was not aware of [REDACTED] having any financial relationship or other connection with CTI, WHITESELL, or [REDACTED]. [REDACTED] advised that he received a letter from the U.S. DEPARTMENT OF EDUCATION (DOE) about 18 months to two years ago concerning [REDACTED]. The letter wanted to know if he had any knowledge of any "overtures" being made to the review team by representatives of CTI. [REDACTED] reiterated that he did not observe anything improper during the review of CTI's Dayton campus.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/11/94

[redacted] was interviewed at her place of employment, STATE BOARD OF PROPRIETARY SCHOOL REGISTRATION (SBPSR), 35 East Gay Street, Suite 403, Columbus, Ohio, telephone number ([redacted]) is [redacted] SBPSR. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] furnished the following information:

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[redacted] recalled that a few years ago the SBPSR received a complaint concerning operations at CAMBRIDGE TECHNICAL INSTITUTE (CTI) in Cincinnati, Ohio. The complainant was [redacted] who had attended school at the CTI and also worked for CTI. [redacted] initially contacted the office of Senator HOWARD METZENBAUM with his allegations. Senator METZENBAUM's office referred the matter to the SBPSR. [redacted] told the SBPSR that CTI regularly engaged in illegal student recruitment practices among other improprieties.

The SBPSR decided to open an investigation into the operations of CTI. The SBPSR's investigation focused significantly on the alleged illegal recruitment of students by CTI. CTI regularly recruited students from welfare lines and other such locations. CTI also apparently used recruiters who were convicted felons. Both of these practices were in violation of laws of the state of Ohio.

The SBPSR notified CTI of its pending investigation of CTI. SBPSR investigators also went on-site to inspect CTI's schools. As a result, SBPSR representatives had several meetings with HENRY WHITESELL and [redacted] of CTI. [redacted] stated that she personally met with WHITESELL and [redacted] on several occasions. [redacted] stated that WHITESELL appeared to have the money and to be providing the financial backing for CTI. [redacted] appeared to be handling the day-to-day operations of the school. [redacted] advised that she talked fairly regularly with WHITESELL and [redacted]. She told them that the SBPSR felt CTI was not operating within standards set by the state of Ohio.

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Investigation on 12/2/93 at Columbus, Ohio File # WMFO 46A-WF-179870  
Sub UU -80  
by SA [redacted] Date dictated 12/9/93



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Continuation of FD-302 of [REDACTED]

, On 12/2/93, Page 2

[REDACTED] described [REDACTED] as "arrogant." [REDACTED] seemed miffed that CTI was being accused of not operating properly. [REDACTED] stated that [REDACTED] was cooperative to some extent with the SBPSR's investigation. However, CTI did not change its practices and continued to illegally solicit students to enroll at the school.

[REDACTED] was asked whether she ever received a call from U.S. Congressman DONALD "BUZ" LUKENS or a member of LUKENS' staff concerning the CTI matter. [REDACTED] did not recall receiving a call from LUKENS himself. [REDACTED] vaguely remembered receiving a call or calls from someone on LUKENS' staff regarding the SBPSR's investigation of CTI. [REDACTED] did not recall any specifics about the call(s) from LUKENS' staffer. She stated that it is not uncommon for the SBPSR to receive inquiries from congressional offices regarding pending cases. [REDACTED] indicated that the SBPSR would answer such inquiries by advising the congressman or staffer of the status of the case. They generally request that any complaints be sent to them in writing by the congressional office. [REDACTED] had no recollection of receiving a written complaint from LUKENS' office. [REDACTED] reviewed her telephone log for any notations of calls from LUKENS' office. She did not find any references to such calls in her telephone log. However, [REDACTED] stated that she does not make a notation of every telephone call she receives. She mentioned that, if she took a call at a location other than her desk, the call probably would not be recorded in her phone log. [REDACTED] reiterated that she had a vague recollection of receiving a call or calls from LUKENS' office concerning the SBPSR's investigation of CTI.

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[REDACTED] advised that, during the course of the SBPSR's investigation of CTI, she talked to several television stations and reporters about the CTI matter. She recalled doing an interview concerning CTI for Channel 12. [REDACTED] described CTI as a "big issue" with the media. [REDACTED] informed that she also talked with Senator METZENBAUM's office about the CTI matter, and that [REDACTED] was calling all the time about the status of the case.

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[REDACTED] stated that WHITESELL was killed while the SBPSR was still investigating CTI. [REDACTED] believed that, when his body was found, WHITESELL had in his hand papers from the U.S. DEPARTMENT OF EDUCATION (DOE) relating to a DOE review of CTI.

WMFO 46A-WF-179870

Continuation of FD-302 of \_\_\_\_\_, On 12/2/93, Page 3

\_\_\_\_\_ believed that the SBPSR ultimately revoked the licenses of some of CTI's schools. Some of CTI's campuses may have closed on their own. \_\_\_\_\_ explained that the SBPSR is the licensing agency for proprietary schools for the state of Ohio. In order to operate in the state of Ohio, a school must be licensed by the SBPSR. A license is also required of a school to participate in the student financial aid program operated by the Federal Government. \_\_\_\_\_ advised that revocation of its license by the SBPSR was a very serious concern for CTI, because it meant that CTI would not have had access to Federal student financial aid monies.

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\_\_\_\_\_ reiterated that she talked to \_\_\_\_\_ on numerous occasions during the SBPSR's review of CTI. Before WHITESELL's death, \_\_\_\_\_ spoke with \_\_\_\_\_ about twice a month. \_\_\_\_\_ recalled that she probably talked with \_\_\_\_\_ weekly after WHITESELL's death. While \_\_\_\_\_ attitude could be characterized as arrogant before WHITESELL's murder, his attitude changed and became more respectful toward the SBPSR after WHITESELL's death. \_\_\_\_\_ could not recall \_\_\_\_\_ ever mentioning LUKENS during any of their conversations.

\_\_\_\_\_ stated that she began working for the SBPSR in 1988. Prior to the SBPSR's investigation of CTI, \_\_\_\_\_ knew WHITESELL and \_\_\_\_\_ only as the owners/operators of CTI. \_\_\_\_\_ stated that she had no real dealings with WHITESELL and \_\_\_\_\_ until the investigation. \_\_\_\_\_ stated that she was never offered nor did she accept any money or gratuities from WHITESELL, \_\_\_\_\_ or anyone associated with CTI. \_\_\_\_\_ stated that neither WHITESELL nor \_\_\_\_\_ ever did anything which could be construed as an improper attempt to influence her professional judgement with regard to CTI. \_\_\_\_\_ advised that she never entered into any business, financial, or other such arrangement with WHITESELL, \_\_\_\_\_, or CTI. \_\_\_\_\_ maintained that she never received any payments of any sort from WHITESELL, \_\_\_\_\_ or CTI.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/10/94

[redacted] was contacted at her place of employment; LEGAL AID SOCIETY (LAS), 901 Elm Street, Cincinnati, Ohio 45202, telephone number [redacted] facsimile number [redacted]. [redacted] is an attorney for the LAS. After being advised of the identity of the interviewing Agent and the nature of the interview, [redacted] provided the following information:

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[redacted] explained that the LAS provides free legal services to income-eligible recipients. LAS receives over 50 percent of its funding from the LEGAL SERVICES CORPORATION (LSC) in Washington, D.C. LSC is a privately-chartered corporation created by Congress and the President of the United States. LSC funds field offices throughout the United States, of which LAS in Cincinnati is one.

[redacted] advised that LAS has a shortage of attorneys, so it is not able to handle all of the complaints it receives. [redacted] stated that LAS generally does not take action when it receives complaints about trade schools. A few years ago, LAS started a file in which it kept complaints regarding trade schools in its area. An analysis of the complaints received by LAS determined that about nine out of ten trade school complaints involved CAMBRIDGE TECHNICAL INSTITUTE (CTI).

LAS decided it needed to take action against CTI due to the volume of complaints about the school. LAS put together a team of attorneys to investigate and possibly take legal action against CTI. The three lawyers on the team were [redacted] and [redacted] was the Supervising Attorney.

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During the investigation of CTI, LAS interviewed hundreds of complainants against the school. They selected the three most sympathetic victims and brought a class-action lawsuit against CTI's Cincinnati School. LAS included a number of issues in its complaint against CTI. LAS charged that CTI engaged in improper recruiting practices, and that CTI made misrepresentations to prospective students to get them to sign up

Investigation on 11/30/93 at Cincinnati, Ohio File # 46A-WF-179870 SUB U -8f  
by SA [redacted] rdm Date dictated 12/8/93

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Continuation of FD-302 of [REDACTED], On 11/30/93, Page 2

with CTI. LAS alleged that CTI recruiters made false representations concerning amounts of money the students would receive and be allowed to keep from government grants and student loans. [REDACTED] commented that promises of money by CTI recruiters were tempting enticements to persuade the prospective students, who were generally poor, to enroll at CTI. [REDACTED] also mentioned that CTI regularly falsified entrance test scores to admit applicants who otherwise would not have qualified for admission. [REDACTED] further stated that the quality of education provided by CTI was substandard. [REDACTED] advised that LAS modeled its complaint against CTI's Cincinnati campus after a civil lawsuit previously filed against CTI's Cleveland school by Attorney General ADRIAN SILAS. [REDACTED] informed that [REDACTED] WHITESELL was the owner of both CTI's Cincinnati and Cleveland schools. b6 b7C

[REDACTED] stated that WHITESELL and CTI were shocked and dismayed by the LAS lawsuit against CTI's Cincinnati campus. CTI fought the LAS lawsuit for approximately two years. CTI denied all of the allegations made in the LAS complaint. CTI was represented by [REDACTED] of the law firm of BENESCH, FRIELANDER, COPLAN, & ARONOFF (BFCA) in Cincinnati, Ohio. BFCA had previously represented CTI's Cleveland school in the lawsuit brought by Attorney General SILAS. The senior partner of BFCA's Cleveland office was WHITESELL's lawyer.

[REDACTED] advised that CTI's Cincinnati school filed numerous motions challenging the LAS class-action lawsuit as being improper. CTI alleged that LAS made improper solicitations of victims of CTI. [REDACTED] explained that poverty lawyers (such as the LAS) are allowed to solicit cases. [REDACTED] informed that the LAS won every motion filed against it by CTI. At the conclusion of the case, CTI was ordered to pay all legal fees of LAS.

During the course of the legal action against CTI, LAS had several meetings with WHITESELL, [REDACTED] and CTI's Attorneys. [REDACTED] advised that WHITESELL did practically all of the talking on behalf of CTI during these meetings. [REDACTED] basically did not communicate except through CTI's attorneys. [REDACTED] attended all of the meetings and sat and made "menacing glances" toward the LAS representatives. [REDACTED] described [REDACTED] as a "threatening kind of person". However, she stated that [REDACTED] did not make any direct b6 b7C

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Continuation of FD-302 of [REDACTED]

, On 11/30/93 , Page 3

threats toward LAS personnel aside from the intimidating facial expressions. [REDACTED] also said that [REDACTED] did not make any reference to the U.S. Congressman DONALD "BUZ" LUKENS, nor did he indicate that CTI might seek help from LUKENS.

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[REDACTED] advised that CTI agreed to and signed several court orders saying the school would cease its improper activities. However, CTI would always ultimately violate the agreements. Finally, LAS arranged for an investigator to videotape some of CTI's illegal recruiting practices. The investigator stationed himself outside a welfare office in Cincinnati. He caught CTI personnel recruiting students from the welfare line. The investigator videotaped the recruiting efforts of the CTI recruiters. The CTI recruiters transported the prospective students to CTI's location. The investigator followed them back to the CTI offices and filmed the recruiters and the prospective students going into CTI's location. The investigator got about 9 to 10 hours of video documenting CTI's illegal recruiting practices.

LAS brought a motion for contempt against CTI and produced the above-stated videotapes as evidence of CTI's violation of the court orders. [REDACTED] stated that the videotape evidence brought the lawsuit to a close and forced CTI into a settlement. CTI had two choices. It had to choose whether to clean up its operation and run a legitimate program or whether to close. CTI decided to close its school in Cincinnati. [REDACTED] summarized the terms of the settlement between CTI and LAS. She advised that CTI had to close its Cincinnati campus, although the CTI schools in Dayton, Ohio, and Middletown, Ohio, were allowed to continue to operate. CTI and its principals were prohibited from operating trade schools within a specific radius of Cincinnati for a certain number of years. [REDACTED] was not sure what decision was made with regard to the BOHECKERS BUSINESS COLLEGE (BBC) in Kentucky. [REDACTED] informed that provisions were made for the maintenance of records pertaining to students that had attended CTI. CTI was ordered to pay all attorney's fees generated by LAS in its pursuance of the lawsuit. [REDACTED] advised that CTI was ordered to make payments to the victims identified in the lawsuit. CTI was supposed to pay off the numerous outstanding student loans created by CTI's application for financial aid on behalf of practically all the students it recruited. However, the student loans were not paid off by CTI, because WHITESELL was murdered before the payments were made.

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46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 11/30/93, Page 4

[REDACTED] stated that [REDACTED] is still considered accountable for the money owed by CTI. [REDACTED] has refused to pay. [REDACTED] informed that a law firm in Cincinnati is pursuing [REDACTED] in an effort to obtain the payments owed. [REDACTED] stated that no fines could be levied against CTI, WHITESELL, or [REDACTED] because of the private nature of the lawsuit.

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[REDACTED] advised that [REDACTED] was one of the principal complainants against CTI. [REDACTED] gave a deposition during which he made allegations against CTI. WHITESELL and [REDACTED] were in attendance at [REDACTED] deposition. [REDACTED] stated that [REDACTED] sat silently and made "menacing glances" during the deposition. After he testified, [REDACTED] was beaten up by two CTI employees. The beating frightened and intimidated [REDACTED] then moved out of Cincinnati.

[REDACTED] related some implicit threats made to her and [REDACTED] by WHITESELL. [REDACTED] advised that a deposition on the case had run into the evening. After the deposition concluded, everyone was walking out together. WHITESELL mentioned to [REDACTED] something to the effect of, "I hear you have family in Akron." [REDACTED] basically ignored WHITESELL's comment which was, in fact, inaccurate. WHITESELL then said something to [REDACTED] like, "I hear you work really late at night." [REDACTED] took WHITESELL's remarks to be implied threats against she and [REDACTED] stated that [REDACTED] was present and gave them threatening looks but did not say anything. [REDACTED] could not recall [REDACTED] ever speaking to her, although he was present at all of the meetings and appearances related to LAS's case against CTI.

[REDACTED] stated that the LAS did not receive any calls or attempted interference from LUKENS or his congressional office pertaining to the CTI lawsuit. [REDACTED] stated that she and the LAS staff definitely would have remembered any contact from LUKENS or his office due to LUKEN's notoriety for being arrested for having sex with and underage girl. Any call by LUKENS or member of LUKEN'S staff would have provided the basis for all kinds of jokes and laughter around the LAS office. [REDACTED] advised that she had contacted [REDACTED] regarding whether she [REDACTED] had taken any calls from LUKENS or his office. [REDACTED] was the most junior attorney on the CTI case, and she fielded most of the numerous calls LAS received about the lawsuit. [REDACTED] did not recall getting any calls from LUKENS or his staff.

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46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED]

, On 11/30/93, Page 5

[REDACTED] also contacted [REDACTED] the supervising attorney. [REDACTED] did not receive any calls from LUKENS or LUKEN'S office. Additionally, [REDACTED] contacted [REDACTED] the Executive Director of LAS in Cincinnati and LAS's liaison with Washington, D.C. If an inquiry was made to LSC in Washington, D.C., it would have been referred to [REDACTED] had no recollection of taking a call from LUKENS or a member of his staff. [REDACTED] stated that, to the best of her recollection, LUKENS' name never came up in regard to LAS's lawsuit against CTI. [REDACTED] mentioned that conceivably LUKENS or a member of his staff could have called LAS, not identified himself, and inquired about the CTI lawsuit. The caller in that circumstance would have been given the standard response released by LAS to the general public. [REDACTED] advised that LAS did not receive any letters from [REDACTED] which contained references to LUKENS.

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[REDACTED] thought that the LEGAL AID SOCIETY (LAS) office in Dayton, Ohio, may have brought a lawsuit against CTI's school in Dayton. She advised that [REDACTED], of the Dayton LAS office, would have information about any possible legal action taken against CTI's Dayton location.

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[REDACTED] advised that the Cincinnati LAS office retained records pertaining to its lawsuit against CTI's Cincinnati School. The records are currently being maintained in LAS's archives. [REDACTED] stated that the records could be made available to the FBI if necessary.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/14/94

[redacted] was interviewed at his place of employment, STATE BOARD OF PROPRIETARY SCHOOL REGISTRATION (SBPSR), 35 East Gay Street, Suite 403, Columbus, Ohio 43266-0591, telephone number [redacted] is the [redacted] SBPSR and has been with the SBPSR since 1989. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

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[redacted] explained that the SBPSR is the licensing body for technical schools in the State of Ohio. In order to operate in Ohio, a school must be licensed by the SBPSR. To qualify for its students to receive federal funding from the U.S. DEPARTMENT OF EDUCATION (DOE), a school must also be accredited by a national organization as well as be licensed by the State in which it is operating. [redacted] advised that obviously a technical school operating in Ohio must adhere to the laws of the State of Ohio.

[redacted] advised that during 1989 the law enforcement powers of the SBPSR were significantly increased. A new law made it illegal for technical schools to solicit students on sidewalks, in welfare lines, or other such places. Additionally, schools were prohibited from using recruiters who were convicted felons. [redacted] explained that, to legally recruit in Ohio, a recruiter must possess an agents permit. In order to obtain such a permit, a prospective recruiter must complete an application which includes a question regarding whether the individual has ever been convicted of a felony.

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Around March 16, 1990, the SBPSR received a referral from the office of Senator HOWARD METZENBAUM. The referral concerned a complaint made by [redacted] was a former student and employee of CAMBRIDGE TECHNICAL INSTITUTE (CTI), an entity that operated several technical schools in Ohio. [redacted] alleged that CTI provided inadequate instruction at its schools and issued bogus degrees. [redacted] also asserted that CTI engaged in improper recruiting practices, such as recruiting potential

Investigation on 12/1/93 at Columbus, Ohio File # 46A-WF-179870 SUB UU-82

by SA [redacted] [signature] Date dictated 12/8/93



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Continuation of FD-302 of [REDACTED], On 12/1/93, Page 2

students from sidewalks and welfare lines. [REDACTED] himself was a "flyer passer" for CTI. CTI officials told their recruiters not to worry about the Ohio laws prohibiting specific recruiting practices. Additionally, CTI used several recruiters who were convicted felons. [REDACTED] also filed his complaints with the ACCREDITING COUNCIL FOR CONTINUING EDUCATION AND TRAINING (ACCET), with the U.S. DEPARTMENT OF EDUCATION (DOE), in Chicago, Illinois, and with the LEGAL AID SOCIETY (LAS) in Cincinnati, Ohio.

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[REDACTED] advised that the SBPSR focused its investigation primarily on recruiting improprieties practiced by CTI. However, [REDACTED] was aware that CTI had one of the highest default rates in the country on government guaranteed student loans granted to students at CTI. [REDACTED] recalled that CTI's default rate was somewhere around 89 percent on hundreds of thousands of dollars of loans. The SBPSR worked with the OHIO STUDENT LOAN COMMISSION (OSLC) which was looking into CTI's high default rates.

[REDACTED] stated that, during the period of the SBPSR's investigation of CTI, clear evidence was developed that CTI recruiters were soliciting prospective students on sidewalks and outside welfare offices. The LEGAL AID SOCIETY (LAS) hired a private investigator to surveil some of CTI's recruiters. The private investigator videotaped CTI's recruiters illegally recruiting students on sidewalks. The private investigator followed the CTI recruiters as they led the prospective students to CTI's satellite offices to sign them up. [REDACTED] informed that it was also verified that many of CTI's recruiters or agents were convicted felons.

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After receiving [REDACTED] complaint against CTI from Senator METZENBAUM's office, the SBPSR sent a letter to HENRY WHITESELL, the owner of CTI, notifying him of [REDACTED] complaint and offering him the opportunity to respond. The letter was dated March 23, 1990 and referenced [REDACTED] by name. The SBPSR received a response from WHITESELL via a letter dated March 30, 1990 in which WHITESELL discounted [REDACTED] allegations and questioned his credibility. The SBPSR also had contact with [REDACTED] the President of CTI. [REDACTED] advised that WHITESELL and [REDACTED] secured BENESCH, FRIEDLANDER, COPLAN & [REDACTED], one of the biggest law firms in Ohio, to represent CTI in its dealings with the SBPSR.

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Continuation of FD-302 of [REDACTED], On 12/1/93, Page 3

[REDACTED] advised that the SBPSR had several meetings with WHITESELL and [REDACTED]. The SBPSR made unannounced visits to CTI's campuses. They met with WHITESELL and [REDACTED] on those occasions. [REDACTED] stated that WHITESELL's attitude was that CTI had not done anything wrong. [REDACTED] described [REDACTED] as "arrogant" and characterized the relationship between [REDACTED] and the SBPSR as "strained." [REDACTED] thought the SBPSR investigation was a "farce" and felt that the SBPSR had no authority to do anything to CTI.

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[REDACTED] stated that [REDACTED] was very disrespectful to two of the SBPSR's investigators, [REDACTED] and [REDACTED] who are African Americans. [REDACTED] related an instance where SBPSR investigators had shown up unannounced on CTI's Cincinnati campus, possibly during May or June of 1990. The primary purpose for showing up unannounced was to screen recruiters working for CTI. [REDACTED] who is white, [REDACTED] and [REDACTED] ended up meeting with [REDACTED]. [REDACTED] was very belligerent and sat during the meeting with his feet propped up on his desk. [REDACTED] stated that [REDACTED] asked several questions to [REDACTED]. Instead of responding to [REDACTED] would look away from [REDACTED] and [REDACTED] and respond to [REDACTED]. [REDACTED] continually referred to [REDACTED] and [REDACTED] as "boys." At one point during the interview, [REDACTED] insinuated that some of CTI's employees did not exhibit good moral character. [REDACTED] responded by saying something to the effect of, "What do you boys think is good moral character?" Eventually, [REDACTED] and [REDACTED] became very offended by [REDACTED]'s continued referrals to them as "boys." Finally, [REDACTED] verbally confronted [REDACTED] telling him that they were men, not boys.

[REDACTED] advised that, during August, 1990, the SBPSR participated in an unannounced audit of CTI. The audit was spearheaded by the U.S. DEPARTMENT OF EDUCATION (DOE). The OHIO STUDENT LOAN COMMISSION (OSLC) also participated in the audit. The SBPSR decided that it would show up at CTI's Dayton campus on the second day of the audit. [REDACTED] said that WHITESELL was very unhappy about the audit and referred to the investigators as the "Gestapo." While [REDACTED] was participating in the August, 1990, audit of CTI, he had an opportunity to talk to [REDACTED]. [REDACTED] was also present during the conversation. [REDACTED] tried to "make peace" with [REDACTED] and [REDACTED]. [REDACTED] said he did not mean to offend them during their previous meeting. [REDACTED] told [REDACTED] and [REDACTED] that he was suffering from

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Continuation of FD-302 of [REDACTED], On 12/1/93, Page 4

cancer. [REDACTED] said he was very sick and was undergoing chemotherapy treatments. Also during the conversation, [REDACTED] mentioned the name of U.S. Congressman DONALD "BUZ" LUKENS. [REDACTED] spoke of LUKENS as if he were a family friend. [REDACTED] felt that [REDACTED] probably dropped LUKENS' name in an attempt to possibly intimidate the SBPSR, although he [REDACTED] did not recall [REDACTED] specifically saying that he would get LUKENS to intercede on CTI's behalf.

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[REDACTED] informed that, around May 15, 1990, the SBPSR interviewed [REDACTED] at the offices of the LEGAL AID SOCIETY (LAS) in Cincinnati. [REDACTED] recalled that [REDACTED] had been beaten up by some CTI employees prior to his interview with the SBPSR. Following the interview of [REDACTED] gave a brief statement to the press in which he did not even mention CTI. WHITESELL was irate about [REDACTED] talking to the press. WHITESELL called [REDACTED] boss, [REDACTED] and yelled and complained.

[REDACTED] advised that he talked to [REDACTED] who works for Senator METZENBAUM. [REDACTED] told [REDACTED] that a high ranking public official had contacted her and inquired about the situation at CTI. The caller wanted to know why Senator METZENBAUM's office was looking into CTI. The public official told [REDACTED] that CTI was a good school, and that Senator METZENBAUM's officer should leave CTI and its people alone. [REDACTED] could not recall the name of the public official who attempted to intercede on CTI's behalf. [REDACTED] mentioned that, during the 1980's WHITESELL had a gathering at his house during which a political candidate announced his candidacy for a public office. [REDACTED] suggested that that politician may have been the person who contacted [REDACTED] about backing off of CTI. [REDACTED] thought [REDACTED] may have received the call from the public official around May, 1990. [REDACTED] stated that [REDACTED] was somewhat taken aback by the call she received from the public official.

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[REDACTED] informed that there were lengthy negotiations between the SBPSR and CTI. During September, 1990, WHITESELL, [REDACTED] and their attorney [REDACTED] came to the offices of the SBPSR to discuss a consent agreement. Around the end of September or early October of 1990, the law firm of BENESCH, FRIEDLANDER, COPLAN & ARONOFF (BFCA) stopped representing CTI. A new lawyer named (First Name Unknown) [REDACTED] (phonetic) began

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Continuation of FD-302 of [REDACTED], On 12/1/93, Page 5

representing CTI. The SBPSR informed [REDACTED] that, if a resolution could not be worked out between CTI and the SBPSR, they would proceed with formal revocation action against CTI.

[REDACTED] stated that the SBPSR was supposed to have a meeting with WHITESELL and [REDACTED] during late October, 1990. [REDACTED] called to cancel the meeting. [REDACTED] said that [REDACTED] was being investigated by the FEDERAL BUREAU OF INVESTIGATION (FBI), and WHITESELL was going to be interviewed pursuant to the case.

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Around October, 1990, the SBPSR issued a notice of opportunity for hearing concerning CTI's situation. CTI did not respond to the notice. The SBPSR then went through the process of revoking the licenses of some of CTI's schools in Ohio, including its campuses in Cincinnati and Cleveland. CTI was assessed a fine of \$10,500 which was never collected. [REDACTED] advised that the SBPSR did not revoke the licenses of CTI's schools in Dayton and Middletown.

During late October, 1990, WHITESELL was murdered. The SBPSR tried to prove that [REDACTED] was a part owner of CTI, so that they could collect the \$10,500 fine from him. The SBPSR was not able to show that [REDACTED] was an owner of CTI. As a result, the \$10,500 fine has not been collected.

[REDACTED] advised that he met with [REDACTED] shortly after WHITESELL's death. [REDACTED] came to the offices of the SBPSR. [REDACTED] informed the SBPSR representatives that he did not own any stock in CTI. [REDACTED] claimed that he knew nothing about the finances of CTI. [REDACTED] stated that [REDACTED] did not seem to be aggrieved by WHITESELL's death.

[REDACTED] advised that, when CTI closed its schools, the SBPSR was concerned about the retention of records pertaining to students who had attended CTI. [REDACTED] had taken the student records and was trying to negotiate a deal with federal law enforcement authorities. During a meeting with the SBPSR, [REDACTED] said that he almost had an agreement set up whereby he would have received immunity from prosecution in return for furnishing the CTI records. When the agreement was about to be finalized, FBI Special Agent (SA) [REDACTED] burst into the room and stopped the proposal deal. [REDACTED] stated the interference by SA [REDACTED] "pissed him off", and he decided not to

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Continuation of FD-302 of [redacted], On 12/1/93, Page 6

cooperate. He told the law enforcement authorities that, "If you want the records, you'll have to find them." [redacted] boasted about being "one step ahead of everybody."

[redacted] informed that, around October or November of 1992, he and [redacted] travelled to Ravenna, Ohio, to obtain the CTI student records from [redacted] had called [redacted] who told him the records were located in a storage facility in the Ravenna area. [redacted] provided 200 to 300 boxes of CTI student records to [redacted] and [redacted] advised that the records are currently being maintained by the SBPSR. [redacted] stated that, when [redacted] turned over the records, he was gloating about how he had kept one step ahead of SA [redacted] and the FBI. [redacted] said that finally SA [redacted] gave up. [redacted] also said that he had tried to give the records to [redacted] but they did not want them.

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During the above-stated meeting in Ravenna, [redacted] also told [redacted] that WHITESELL had paid people with the accrediting body ACCET to write speeches. [redacted] implied that, while WHITESELL represented that the payments were for speeches, the payments were actually made to ensure that the accrediting board would give favorable ratings to CTI.

[redacted] also alleged that WHITESELL had paid representatives of the SBPSR to influence their judgement with respect to CTI.

[redacted] told [redacted] that WHITESELL may have made payments to "some of the people you work with everyday." [redacted]

further alleged that WHITESELL would pay for SBPSR representatives to come to Cincinnati for weekends, attend Cincinnati Reds games, and be wine and dine at CTI's expense.

[redacted] stated that the only SBPSR representative he suspected that might have accepted money or gratuities from WHITESELL was [redacted] served as a consultant to the SBPSR.

[redacted] stated that the SBPSR recently was granted more oversight over its consultants. [redacted] did not want his contract renewed when the SBPSR began to exercise its more extensive oversight authority. [redacted] advised that [redacted] had some involvement with CTI, but he had no evidence that [redacted] received improper payments or gratuities from WHITESELL or anyone else at CTI. [redacted] informed that [redacted] was the Regional Consultant for the SBPSR handling CTI's territory. [redacted] did not suspect [redacted] of any wrongdoing.

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[redacted] advised that [redacted] always accompanied

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Continuation of FD-302 of [REDACTED], On 12/1/93, Page 7

WHITESELL to meetings with the SBPSR. The SBPSR would contact WHITESELL about setting up a meeting. WHITESELL would always bring [REDACTED] along. Often, a SBPSR representative would direct questions to WHITESELL, but [REDACTED] would respond and answer the questions instead of WHITESELL. [REDACTED] advised that, after WHITESELL's death, [REDACTED] tried to act as if he did not know anything about the operation or finances of CTI. However, [REDACTED] did not believe [REDACTED] when he claimed ignorance due to his [REDACTED]'s) previous demonstrations of knowledge about CTI. [REDACTED] also went to great lengths to try to convince the SBPSR that WHITESELL's wife did not like him, and that she was trying to pin all of the improprieties at CTI on him.

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[REDACTED] stated that he never received a call from anyone outside of CTI inquiring about the SBPSR's investigation of CTI or urging them to back off. [REDACTED] advised that [REDACTED] recalled someone calling her about the CTI investigation.

[REDACTED] provided some background information about CTI and WHITESELL. He informed that WHITESELL owned all of the CTI schools, including the one in Cleveland. WHITESELL purchased the CTI schools with [REDACTED] and [REDACTED]. WHITESELL later bought out the [REDACTED] and was the sole proprietor of CTI at the time of his death. [REDACTED] mentioned that [REDACTED] had a heart attack and died. WHITESELL ran the entire CTI operation out of CTI's headquarters in Cincinnati. WHITESELL bought BOHECKERS BUSINESS COLLEGE (BBC) jointly with [REDACTED].

[REDACTED] advised that WHITESELL's school's campuses were always located within a block or two of the unemployment or welfare offices. [REDACTED] stated that the SBPSR heard "horror stories" about CTI. When CTI was prohibited from recruiting on the sidewalks, their recruiters started standing in foyers of buildings and handing out flyers from those locations to passersby. [REDACTED] advised that the SBPSR was able to prove that at least two of CTI's recruiters were convicted felons who had falsified their applications to acquire agents permits. One CTI recruiter even had a lock-box attached to his leg. During one of their meetings, WHITESELL and [REDACTED] represented that they did not have any convicted felons working as recruiters for CTI. When confronted with evidence to the contrary, they claimed that the particular CTI employees were "flyer passers", not recruiters.

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Continuation of FD-302 of [REDACTED], On 12/1/93, Page 8

[REDACTED] advised that [REDACTED] filed a written complaint against CTI with the SBPSR. After [REDACTED] complained, he was threatened by CTI personnel. [REDACTED] was then beaten up by some CTI employees. A police report was filed concerning the incident. The SBPSR asked WHITESELL about the beating of [REDACTED]. WHITESELL tried to "play it down."

[REDACTED] informed that [REDACTED] the Financial Consultant for the SBPSR, reviewed some of the financial records maintained by CTI. [REDACTED] noted that CTI held substantial amounts of money. CTI had a plush corporate office and its personnel drove fancy cars. However, [REDACTED] stated that, whenever they visited CTI's campuses, there were very few students in the classrooms. [REDACTED] stated that there seemed to be a major discrepancy between the amounts of money CTI had in its bank accounts and the numbers of students actually attending the schools. [REDACTED] also mentioned that the teachers at CTI's schools appeared to be providing little or no instruction to the students.

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[REDACTED] advised that he went back to CTI's Dayton campus in November, 1990, to see if any CTI student records were still there. [REDACTED] accompanied [REDACTED] on the trip to Dayton. [REDACTED] also went to CTI's Cleveland location in search of records.

[REDACTED] discussed the effects that revocation of its license by the SBPSR would have had on CTI. [REDACTED] stated that, by revoking CTI's license, the SBPSR could have cut off CTI's ability to obtain financial assistance for its students through the DOE. In order to qualify for federal financial aid, a school must be licensed in its state of operation and be accredited by a national accrediting organization. By revoking its license, the SBPSR would have forced CTI to move to another State (had CTI continued to exist) and become licensed there in order to have a chance to obtain Federal funding. [REDACTED] commented that CTI was very dependent on Federal Financial aid. Thus, the SBPSR's revocation of CTI's license would have been a severe financial blow had CTI wanted to continue its operation in Ohio. [REDACTED] also mentioned that the SBPSR has the ability to assess fines of \$1000 to \$3500 per violation up to a maximum of \$35,000.

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[REDACTED] advised that [REDACTED] CTI's attorney for a

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Continuation of FD-302 of [REDACTED], On 12/1/93, Page 9

[REDACTED] period of time, did not like [REDACTED] thought [REDACTED] was trying to blame all of CTI's problems on WHITESELL.

[REDACTED] informed that [REDACTED] was appointed the executor of WHITESELL's estate. [REDACTED] was uncooperative and got to the point where he would not even return telephone calls.

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[REDACTED] stated that the SBPSR is still hoping to show that [REDACTED] had an ownership interest in CTI. The SBPSR could then pursue [REDACTED] and BBC for the payment of fines assessed against CTI.



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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/14/94

[redacted] was contacted at his residence, [redacted] Worthington, Ohio 43085, telephone number [redacted]. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

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[redacted] advised that he is currently retired. He formerly worked as an independent contractor for the STATE BOARD OF PROPRIETARY SCHOOL REGISTRATION (SBPSR). [redacted] worked out of his home in that capacity. [redacted] conducted on-site reviews for the SBPSR of technical schools in Ohio. [redacted] territory included schools in the Columbus and Toledo, Ohio areas. [redacted] advised that he used to make over 150 visits per year to schools in carrying out his responsibilities for the SBPSR.

[redacted] was questioned concerning his knowledge of CAMBRIDGE TECHNICAL INSTITUTE (CTI). [redacted] advised that CTI would have been in the region covered by [redacted]. [redacted] had a vague recollection of CTI. He recalled that, about 4 to 5 years ago, he may have gone along with [redacted] and [redacted] to conduct a review of a school in downtown Cincinnati, Ohio. He thought they were evaluating an associate degree program at the school. [redacted] remembered that the owner of the school, HENRY WHITESELL, died. [redacted] also recalled [redacted] another official of the school, and remembered that [redacted] supposedly had cancer. [redacted] informed that the SBPSR should have a report of its files concerning the aforementioned review of CTI.

[redacted] stated that he was not offered money or any other sort of gratuities from WHITESELL, [redacted] or any other representatives of CTI. [redacted] stated that he did not think the SBPSR consultants even went to lunch with CTI officials. [redacted] commented that, if CTI representatives wanted to influence the judgement of the SBPSR, they would have had to buy off three people, himself, [redacted], and [redacted]

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Investigation on 12/1/93 at Worthington, Ohio File # WMFO 46A-WF-179870 SUB  
UU **83**  
by SA [redacted] Date dictated 12/8/93

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Continuation of FD-302 of [REDACTED], On 12/1/93, Page 2

[REDACTED] stated that he never received any payments of any kind from WHITESELL, [REDACTED] or CTI.

[REDACTED] was born on [REDACTED] His Social Security Account Number is [REDACTED] [REDACTED] is a white male.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/25/94

[redacted] was telephonically contacted at her place of employment, the Office of U.S. Senator HOWARD METZENBAUM, Cincinnati, Ohio, telephone number [redacted]. [redacted] is a Congressional Caseworker for Senator METZENBAUM's Office and has been so employed for 13 years. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] furnished the following information:

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[redacted] advised that, around January, 1990, Senator METZENBAUM's Office was contacted by [redacted] was a former student and employee of CAMBRIDGE TECHNICAL INSTITUTE (CTI). CTI operated several technical schools in Ohio. [redacted] made allegations of numerous improprieties at CTI and claimed that he had been wronged by CTI. [redacted] forwarded [redacted] complaint to other government agencies, including the STATE BOARD OF PROPRIETARY SCHOOL REGISTRATION (SBPSR) in Columbus, Ohio.

[redacted] stated that she later received a telephone call from a public official or a staff person of a public official concerning the situation involving [redacted] and CTI. The caller said he knew the head of CTI and that he (the CTI official) was a good person. The caller indicated that he could give credence to CTI's side of the issue. He claimed that the SBPSR was attempting to destroy CTI. The caller also tried to discredit [redacted]. [redacted] recalled the caller saying something to the effect of, "How can they take his [redacted] word? Why don't they just let it go?" [redacted] assured the caller that Senator METZENBAUM's Office was not attempting harm CTI.

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[redacted] described the above-stated call as "unusual." She said that, in 13 years at Senator METZENBAUM's Office, that was the only time she was ever asked to "back off" of a complaint made by a constituent. [redacted] thought the circumstances of the call seemed "almost like a bribe-type situation."

[redacted] advised that she discussed the call with [redacted], the Chief of Senator METZENBAUM's Legislative Office in [redacted].

(telephonically)

Investigation on 12/1/94 at Columbus, Ohio File # WMFO 46A-WF-179870 SUB  
UU

by SA [redacted] :snc Date dictated 12/8/93

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Continuation of FD-302 of [REDACTED], On 12/1/94, Page 2

Washington, D.C. [REDACTED] informed that [REDACTED] is no longer with Senator METZENBAUM's Office. [REDACTED] is currently working as a lobbyist and may still be in the Washington area. Senator METZENBAUM's staff in Washington may know how to get in touch with him. [REDACTED] is in his early 40s.

[REDACTED] recalled documenting the above-stated call in some manner. She advised that she maintained a file regarding the situation involving [REDACTED] and CTI. [REDACTED] stated that she would review her file and contact the writer with more specific information.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/14/94

On December 2, 1993, [REDACTED]  
[REDACTED], STATE BOARD OF PROPRIETARY SCHOOL REGISTRATION  
(SBPSR), 35 East Gay Street, Suite 403, Columbus, Ohio, provided  
SA [REDACTED] with two videotapes. The videotapes  
contain footage of CAMBRIDGE TECHNICAL INSTITUTE (CTI) recruiters  
committing potential illegal acts on April 5, 6, 9, 11, 12, 1990.  
[REDACTED] provided detailed information concerning the SBPSR's  
investigation of CTI during an interview on December 1, 1993.

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Investigation on 12/2/93 at Columbus, Ohio File # 46A-WF-179870 SUB UL  
by SA [REDACTED] Date dictated 12/9/93

- 1 -

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/25/94

[redacted] was contacted at his place of employment, STATE BOARD OF PROPRIETARY SCHOOL REGISTRATION (SBPSR), 35 East Gay Street, Columbus, Ohio, telephone number [redacted] is a Financial Analyst for the SBPSR. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] furnished the following information:

[redacted] advised that, during August, 1990, he participated with the SBPSR in an audit of CAMBRIDGE TECHNICAL INSTITUTE (CTI). [redacted] went to CTI's campus in Dayton, Ohio. [redacted] reviewed CTI's books and records that were available at the Dayton campus. [redacted] stated that the books and records he was able to examine were not complete. He did not get the impression that the CTI officials wanted him to have the full set of records to review. [redacted] stated that he was not able to examine the records that he really wanted to see. He was told they were not at CTI's Dayton location. [redacted] advised that he was never provided with the complete set of CTI's books and records.

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[redacted] characterized CTI's record-keeping process as an "abomination." He stated that CTI's student financial records were "totally screwed up." [redacted] commented that CTI's bookkeeper had no training and was not properly maintaining appropriate books and records.

In spite of the chaotic condition of CTI's books and records, [redacted] noticed a major discrepancy between the amount of money CTI had flowing through its accounts and the numbers of students it had in its classrooms. [redacted] explained that he observed very few students in CTI's classrooms. However, from balance sheets, ledger cards, and other records, [redacted] noted that CTI was bringing in large amounts of money. He commented that, unless CTI was charging \$10,000 to \$12,000 per student, there was no way the volume of students in CTI's classes could have supported the substantial amounts of funds flowing through

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Investigation on 12/2/93 at Columbus, Ohio File # WMFO 46A-WF-179870 SUF  
by SA [redacted] Date dictated 12/9/93

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Continuation of FD-302 of [REDACTED], On 12/2/93, Page 2

CTI's accounts. [REDACTED] felt that CTI had to be getting money from an outside source.

[REDACTED] advised that CTI's student records were incomplete. He also stated that the available student records looked like the figures had been "backed in." In other words, the records appeared to have been created after the fact.

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[REDACTED] informed that he observed a computer class at CTI while he was participating in the audit. He felt that the class was filled with people who had been recruited off the street for the purpose of populating the classroom. The alleged students did not appear to know what they were doing in the class. [REDACTED] noted that the supposed students were generally poorly dressed and many of them smelled of alcohol. [REDACTED] felt that the class was set up by CTI officials to make CTI look legitimate to the auditors.

[REDACTED] noted that CTI's building was run down and a number of repairs needed to be made. [REDACTED] suggested that there was no reason CTI could not have better maintained its facilities and made needed repairs with the money CTI apparently had available according to its books and records.

[REDACTED] was questioned concerning any dealings he had with [REDACTED] the President of CTI. [REDACTED] advised that he previously worked as the Financial Aid Director at FRANKLIN UNIVERSITY (FU). In that capacity, he had the opportunity to meet [REDACTED] contact with [REDACTED] was usually at functions such as workshops. [REDACTED] described [REDACTED] as "oily" and as a "gladhander."

During the August, 1990, audit with the SBPSR, [REDACTED] dealt briefly with [REDACTED] asked [REDACTED] some questions about the finances of CTI. [REDACTED] seemed cooperative but effectively dodged [REDACTED] questions. [REDACTED] commented that [REDACTED] seemed to "tell the truth but not the whole truth." [REDACTED] also remembered [REDACTED] making a statement to the effect that CTI "had friends in high places." [REDACTED] did not recall [REDACTED] alluding to U.S. Congressman DONALD "BUZ" LUKENS as one of such "friends." [REDACTED] believed he may have talked on the phone with [REDACTED] and may have seen [REDACTED] at a workshop since the August, 1990, audit.

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Continuation of FD-302 of [redacted], On 12/2/93, Page 3

[redacted] informed that he was born on [redacted]  
in Galion, Ohio. His social security account number is [redacted]

[redacted], Upper Arlington, Ohio 43221, telephone  
number [redacted]

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/22/94

[redacted] Special Agent (SA), U.S. DEPARTMENT OF EDUCATION (DOE), was interviewed at his place of employment, Mary Switzer Building, 330 C Street, S.W., Washington, D.C. (WDC), telephone number [redacted]. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] furnished the following information:

[redacted] advised that he had handled an investigation into possible improper activities of [redacted] was an employee of the Accrediting Council for Continuing Education & Training (ACCET). She was hired by ACCET during January, 1988. ACCET was the body that provided national accreditation for a technical school in Ohio named CAMBRIDGE TECHNICAL INSTITUTE (CTI). [redacted] explained that CTI needed to be nationally accredited for its students to qualify for Federal financial aid.

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[redacted] explained that the DOE received allegations that [redacted] had received payments from HENRY WHITESELL, the owner of CTI. [redacted] coordinated an accreditation review of CTI during 1988. [redacted] was on the payroll of BOHECKER'S BUSINESS COLLEGE (BBC), another school owned by WHITESELL, as a consultant to BBC. [redacted] also received payments of \$5,000 and \$14,000 from WHITESELL.

The DOE investigation determined that [redacted] received numerous payments from BBC at a rate of \$1,250 per month (\$15,000 per year) from 1988 through 1990. The payments were compensation for consulting services provided by [redacted] to BBC. BBC supposedly wanted to relocate and needed technical management advice from [redacted]. [redacted] also received a \$5,000 payment from WHITESELL for a consulting work. [redacted] apparently had a contractual agreement with BBC for the \$5,000 payment. Additionally, [redacted] received a \$14,000 payment from WHITESELL pursuant to a May, 1990 contract between [redacted] and WHITESELL whereby [redacted] would research and write four speeches for BBC.

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Investigation on 12/7/93 at Washington, D.C. File # 46A-WF-179870 SUB UU-86x1  
by SA [redacted] Date dictated 12/14/93

46A-WF-179870 SUB UU

Continuation of FD-302 of [redacted], On 12/7/93, Page 2

[redacted] advised that [redacted] handled a review of CTI during the Fall of 1988 for the purpose of determining whether CTI should receive re-accreditation by ACCET. [redacted] was given the assignment by [redacted] the President of ACCET, or [redacted] an employee of ACCET. [redacted] coordinated an on-site visit by a review team to CTI during October or November, 1988. As a result of the review, CTI was determined to be performing up to ACCET's standards and was granted re-accreditation. b6 b7C

[redacted] informed that during the summer of 1988, CTI was experiencing very high default rates on guaranteed student loans made to its students. CTI was also allegedly engaging in improper recruitment practices. During August, 1990, ACCET issued a "show cause" order to CTI. [redacted] handled ACCET's "show cause" proceeding against CTI.

[redacted] advised that the payments made by WHITESELL through BBC to [redacted] did not become an issue until after WHITESELL's death during October, 1990. On approximately 11/21/90, [redacted] the new owner of BBC, called [redacted] the new President of ACCET. [redacted] who seemed to be upset, told [redacted] that an ACCET employee had received money from WHITESELL. [redacted] did not identify the ACCET employee, but he indicated that he wanted the money back. The amount of money requested by [redacted] was \$14,000. [redacted] claimed to have had no prior knowledge of the \$14,000 payment by WHITESELL to the ACCET employee. [redacted] drafted a memorandum documenting his conversation with [redacted]

After [redacted] received the aforementioned call from [redacted] he confronted [redacted] because she was the ACCET employee who logically might have accepted a payment from WHITESELL. [redacted] voluntarily admitted receiving \$14,000 from WHITESELL pursuant to a contract she had with BBC. [redacted] justified her actions by claiming that BBC and CTI were two separate entities, and that BBC was not accredited by ACCET. [redacted] the former President of ACCET, agreed with [redacted] assertion that there was no conflict of interest, since BBC was not accredited by ACCET. [redacted] maintained that she never attempted to influence any member of the CTI accreditation review team or to provide any type of preferential treatment to CTI during any of her dealings involving CTI. [redacted] stated that there was no attempt on the part of [redacted] to hide the fact that she had received \$5,000 and \$14,000 payments from BBC or to b6 b7C

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 12/7/93, Page 3

conceal the fact that she had been on the BBC payroll for a period of time.

[REDACTED] informed that [REDACTED] was interviewed by DOE representatives on 6/16/92. At that time, she confirmed the above stated financial arrangements between herself and BBC. [REDACTED] confirmed that she coordinated the accreditation review of CTI during the Fall of 1988. She claimed that she did not attempt to influence members of the review team in any way. b6 b7C

[REDACTED] advised that [REDACTED] was ultimately terminated by ACCET on September 19, 1991 or September 20, 1991. In addition to the aforementioned conflict of interest situation, ACCET cited problems with the quality of [REDACTED] work as a reason for her termination. [REDACTED] informed that, prior to her final termination from ACCET during September, 1990, [REDACTED] had been terminated by ACCET on May 2, 1990. However, she was re-hired by ACCET on May 7, 1990, in a different position at an \$18,000 reduction in pay. Incidentally, on approximately May 14, 1990, the speech writing contract for \$14,000 between [REDACTED] and WHITESELL was finalized.

[REDACTED] advised that, during January, 1991, [REDACTED] began making harassing and threatening phone calls to [REDACTED] attorney [REDACTED] was also calling. Around January 16, 1991, [REDACTED] wrote a letter to [REDACTED] and/or ACCET. On January 28, 1991, at 4:22 p.m., [REDACTED] received a threatening telephone call while at ACCET. Around March 25, 1991, [REDACTED] sent a threatening letter to [REDACTED]

During March, 1991, ACCET withdrew CTI's accreditation. ACCET later received a complaint against CTI filed by [REDACTED]

[REDACTED] advised that [REDACTED] was never prosecuted or her acceptance of the various payments from WHITESELL and BBC. [REDACTED] considers the [REDACTED] matter to be a closed case as far as DOE is concerned. b6 b7C

[REDACTED] stated that [REDACTED] was fired by ACCET, because of unethical conduct. [REDACTED] was apparently doing paid consulting work for schools accredited by ACCET. In one instance, [REDACTED] received a Laserjet printer from a school official. [REDACTED] was accused of "shaking down" [REDACTED] a representative of a school. On May 5, 1990, [REDACTED] was replaced by [REDACTED]. Around

46A-WF-179870 SUB UU

Continuation of FD-302 of [redacted], On 12/7/93, Page 4

that time, ACCET was issued a subpoena by a U.S. Senate Subcommittee chaired by Senator SAM NUNN which was investigating improprieties in the educational system. [redacted] commented that ACCET's personnel ethics policies were very loose, if not non-existent, at the time [redacted] and [redacted] were engaging in their financial arrangements with various schools.

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[redacted] informed that [redacted] filed a Freedom of Information Act (FOIPA) request with the DOE. [redacted] advised that, as of March 14, 1993 [redacted] had an address of [redacted], Richmond, Virginia, 23235. [redacted] furnished a telephone number for [redacted]. The attorney handling [redacted] FOIPA request was [redacted]

[redacted] advised that BBC was accredited by the Association of Independent Colleges & Schools (AICS), an accrediting body located in WDC, near Union Station. [redacted] informed that, around July or August, 1990, there were problems at BBC. A team from AICS was on BBC's campus investigating.

[redacted] advised that, pursuant to the DOE's investigation of [redacted] an administrative subpoena was served on ACCET. SA [redacted] of DOE, was permitted to review ACCET's records at the office of the attorney representing ACCET. The DOE was not allowed to take copies of ACCET's records. Thus, the DOE does not have copies of many of the most important records in ACCET's files, such as the memorandum prepared by [redacted] documenting his November 21, 1990 telephone conversation with [redacted]

[redacted] stated that ACCET has a somewhat dubious reputation as an accrediting agency. He described ACCET as the "Accreditor of last resort." He also stated that, "If you've got the money, you'll get accredited (by ACCET)." [redacted] advised that the DOE Inspector General is interested in pursuing ACCET and would like to get ACCET taken off of the Secretary of Education's list of approved accrediting agencies. [redacted] stated that DOE plans to use its report on the [redacted] case to demonstrate ACCET's unsuitability as an accrediting body.

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[redacted] described [redacted] the current President of ACCET as "just about as dirty as [redacted] (the former President of ACCET)." [redacted] advised that a [redacted] showed that [redacted] is a co-owner of property with an individual who is the owner of a school that ACCET accredits in Ohio or Indiana.

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Continuation of FD-302 of [REDACTED]

, On 12/7/93 , Page 5

DOE is currently investigating this situation and other ethical concerns with respect to [REDACTED]

[REDACTED] explained that the Secretary of Education maintains a list of accrediting organizations that are authorized to evaluate and accredit schools. Accreditation by one of these approved accrediting bodies qualifies schools to be eligible to participate in Federal student aid programs. [REDACTED] stated that by law the Secretary of Education is precluded from evaluating the quality of education provided by schools. Thus, the responsibility falls on accrediting organizations such as ACCET.

[REDACTED] described the AICS as "a little bit better than ACCET" as an accrediting body. [REDACTED] identified the Council For Non-Collegiate Continuing Education (CNCCE) as another accrediting organization in WDC. The CNCCE is located in the same building as AICS, possibly across the hall. [REDACTED] advised that CNCCE possibly merged with AICS. The CNCCE used to be known as the National Association for Trade & Technical Schools (NATTS).

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[REDACTED] briefly explained how most accrediting bodies operate. He stated that most accrediting organizations require periodic payments of dues from schools which they have accredited. Some schools pay the accrediting bodies a percentage of their income. Thus, there is often a significant financial motivation for the accreditors to keep the schools accredited, so they can continue to receive fee payments from them.

[REDACTED] identified [REDACTED] as a former employee of DOE. [REDACTED] was fired from DOE, because of a conflict of interest problem. [REDACTED] stated that [REDACTED] was allegedly taking bribes from school officials in return for mitigation of unfavorable results found by the DOE during program reviews of the schools. [REDACTED] knew that [REDACTED] had written a letter to [REDACTED] dated 10/16/90, concerning the situation at CTI.

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[REDACTED] was not aware of any allegations of improprieties in the dealings between [REDACTED] and [REDACTED]. [REDACTED] advised that the DOE conducted an investigation into [REDACTED] conduct. He indicated that the investigative file could be made available for review by the FBI.

46A-WF-179870 SUB UU

Continuation of FD-302 of [redacted], On 12/7/93, Page 6

[redacted] informed that [redacted] is the Assistant  
Inspector General for Investigation Services at the DOE. [redacted]  
[redacted] is therefore the number three person in the Inspector  
General Division of DOE. [redacted] can be reached at telephone  
number [redacted]

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/25/94

[redacted] was telephonically contacted at her place of employment, The Office of U.S. Senator HOWARD METZENBAUM, 10411 Federal Building, Cincinnati, Ohio 45202, telephone number [redacted]. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] stated that she had reviewed her file containing information related to a complaint made by [redacted] about CAMBRIDGE TECHNICAL INSTITUTE (CTI). [redacted] advised that she had received a telephone call from [redacted] of the Office of Ohio State Auditor [redacted] had inquired about [redacted] complaint and what Senator METZENBAUM's office was doing about the situation. [redacted] said he knew a CTI administrator and that he was a good person. [redacted] was concerned about CTI being investigated. [redacted] also attempted to discredit [redacted]. The date of the telephone call from [redacted] to [redacted] was May 17, 1990.

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[redacted] wrote a memorandum to [redacted] concerning the call she received from [redacted]. One copy of the memorandum is attached for incorporation herein. [redacted] had no further contact with [redacted].

[redacted] could not recall being contacted by U.S. Congressman DONALD "BUZ" LUKENS or his office regarding the situation involving [redacted] and CTI. [redacted] felt that she probably would have documented any contact from LUKENS or his staff.

[redacted] advised that attorney [redacted], of the lawfirm of BENESCH, FRIEDLANDER, COPLAN, and ARONOFF (BFCA), sent a letter to Senator METZENBAUM's office concerning [redacted]. The letter provided information about a lawsuit filed against [redacted] by a nursing home he used to work for. The letter was apparently intended to discredit [redacted]. One copy of the letter is attached for incorporation herein.

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(telephonically)

Investigation on 12/8/93 at Falls Church, Virginia File # WMFO 46A-WF-179870 SU F

UU - 87

by SA [redacted] :snc Date dictated 12/15/93

WMFO 46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 12/8/93, Page 2

[REDACTED] informed that [REDACTED] originally made his accusations against CTI during a meeting at Senator METZENBAUM's office on January 30, 1990. [REDACTED] referred [REDACTED] allegations to the U.S. DEPARTMENT OF EDUCATION (DOE) via a letter dated February 16, 1990. DOE forwarded the information to the STATE BOARD OF PROPRIETARY SCHOOL REGISTRATION (SBPSR) and notified [REDACTED] that the SBPSR was the entity which should look into problems at CTI. The SBPSR notified CTI of its investigation around March 23, 1990. [REDACTED] then received a copy of a letter, dated March 30, 1990, written to the SBPSR by HENRY WHITESELL, the Chairman of CTI, responding to [REDACTED] allegations. [REDACTED] stated that she did not contact WHITESELL or CTI regarding the above-stated correspondence.

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[REDACTED] provided via facsimile copies of the following documents in her file concerning [REDACTED] and CTI:

1. One letter, dated February 16, 1990, to the DOE from [REDACTED]
2. One letter, dated March 9, 1990, to [REDACTED] from DOE.
3. One letter, dated March 30, 1990, to [REDACTED] of the SBPSR, from L. HENRY WHITESELL, Chairman, CTI.
4. One letter, dated May 18, 1990, to [REDACTED] of the Office of Senator HOWARD M. METZENBAUM, from [REDACTED]
5. One memorandum, dated May 17, 1990, to [REDACTED] from [REDACTED]

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May 17, 1990

Dear [redacted]

Today I received a call from [redacted] representative from Auditor [redacted] office.

He asked whether or not our office was investigating Cambridge Technical Institute. I said no and that it is not our responsibility to investigate, only express concerns in behalf of the constituent.

[redacted] also asked if I knew why [redacted] (constituent) was terminated or had withdrawn from the school. I suggested he contact Legal Aid and discuss the matter with the attorney who has filed the class action suit against Cambridge.

[redacted] said he had information from Cambridge administrators which indicated we were investigating. He was referring to a TV reporter who did the segment on Channel 12 last week. I corrected Mr. [redacted] - the reported stated the School Board for Proprietary Registration is investigating the allegations.

He also said the Cambridge administrator is a friend of his and is a good person. He suggested I call him and also asked if I would send Cambridge administrator a statement indicating we are not investigating the school.

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BENESCH, FRIEDLANDER, COPLAN & ARONOFF

ATTORNEYS AT LAW

1100 CITIZENS BUILDING  
CLEVELAND, OHIO 44114-3399  
TELEPHONE (216) 363-4500  
TELECOPIER (216) 363-4588

88 EAST BROAD STREET  
COLUMBUS, OHIO 43215-3506  
TELEPHONE (614) 223-9300  
TELECOPIER (614) 223-9330

1900 CAREW TOWER  
441 VINE STREET  
CINCINNATI, OHIO 45202-2999  
(513) 762-6200

CABLE "BFCA"  
TELEX 297607  
TELECOPIER (513) 762-6245

WRITER'S DIRECT DIAL NUMBER

May 18, 1990

Ms. [REDACTED]  
Office of Senator Howard M. Metzenbaum  
10411 Federal Building  
550 Main Street  
Cincinnati, Ohio 45202

Dear [REDACTED]

I understand that your office has received information from [REDACTED] concerning Cambridge Technical Institute, which has led to some correspondence from the Senator to various state officials. I thought I would pass on the enclosed Complaint which we obtained earlier this week from the Hamilton County Courthouse. It is a lawsuit filed by Quality Health Care, Inc. against [REDACTED] in 1987. Quality Health Care, Inc. has absolutely no relationship to Cambridge.

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As you can see from the allegations of the Complaint, this is not the first time [REDACTED] has made outrageous allegations against a former employer.

We also have confirmed through [REDACTED] testimony that he has a lengthy criminal record, including convictions for drug abuse, possession and assault.

I hope that your office will consider these additional facts in evaluating [REDACTED] credibility with respect to his allegations against Cambridge.

DJM:gf  
Enclosure  
ccs/with enc: L. Henry Whitesell  
3615d

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/23/94

[redacted] was contacted at his place of employment, CINCINNATI POLICE DEPARTMENT (CPD), Homicide Squad, Room #500, 824 Broadway, Cincinnati, Ohio 45202, telephone number [redacted]. [redacted] is a Homicide Detective for CPD. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] advised that he had investigated the murder of HENRY WHITESELL that occurred on October 28, 1990. [redacted] stated that [redacted] was considered a prime suspect in WHITESELL's murder. [redacted] briefly explained [redacted] involvement from his recollection. He stated that [redacted] called WHITESELL on the evening of October 28, 1990. WHITESELL told his wife that [redacted] had information regarding an FBI investigation into CAMBRIDGE TECHNICAL INSTITUTE (CTI), and that [redacted] needed to meet with him. WHITESELL left to meet [redacted]. About a half hour later, witnesses heard gunshots in the area around the telephone booth where WHITESELL was murdered.

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After calling WHITESELL, [redacted] checked into an urgent care medical facility. [redacted] received treatment for a medical problem like a sinus infection. [redacted] advised that the urgent care center recorded the times patients entered and left the facility. WHITESELL was murdered during the time [redacted] was being treated at the Emergency Care Center. Thus, [redacted] created an effective alibi for himself.

[redacted] was interviewed by the CPD regarding WHITESELL's murder. [redacted] was accompanied by his attorney. [redacted] stated that CTI had recently been audited by the U.S. DEPARTMENT OF EDUCATION (DOE). WHITESELL had directed [redacted] and other CTI employees to falsify records to deceive the DOE reviewers. [redacted] stated that, for the last several weeks, he and other CTI personnel had been creating fictitious records to provide to the DOE auditors. [redacted] asserted that he was in possession of the CTI records, and that he did not intend to give them up.

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Investigation on 1/13/94 at Falls Church, VA File # 46A-WF-179870 SUB UU

by SA [redacted] Date dictated 1/21/94

- 87x1

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 1/13/94, Page 2

[REDACTED] advised that through the CPD murder investigation, he learned that [REDACTED] had told various individuals that he had cancer. [REDACTED] indicated that he was going to die. [REDACTED] had made statements to the effect that he was going to "take the fall" for the misdeeds of WHITESELL at CTI. [REDACTED] advised that [REDACTED] actually did not have anything wrong with him. During the CPD interview of [REDACTED] he admitted that he did not have cancer and had never suffered from cancer. However, [REDACTED] had several people in the CTI office fooled into believing he had cancer. [REDACTED] informed that, at the same time [REDACTED] was telling people that he had cancer and was going to take the blame for CTI's problems, he had gone to law enforcement authorities and tried to make a deal through which he would implicate WHITESELL.

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[REDACTED] informed that the CPD murder investigation determined that [REDACTED] usually carried a gun with him. However, during the CPD interview, [REDACTED] acted like he had very limited knowledge of firearms and pretended that he did not know the difference between a revolver and an automatic weapon. [REDACTED] advised that the security training program at CTI used .357 SMITH & WESSON revolvers. A ballistics expert confirmed that this was the same type of gun that was used to shoot WHITESELL. [REDACTED] stated that CPD speculated that the murder weapon was one of the firearms used by CTI in its security training. When CPD attempted to obtain the guns from CTI, they were told that the weapons had been lost. [REDACTED] mentioned that [REDACTED] brother, [REDACTED] is an arms dealer and could have supplied the murder weapon.

[REDACTED] advised that CPD asked [REDACTED] if he would be willing to take a polygraph examination regarding the WHITESELL murder. [REDACTED] initially agreed to take a polygraph. However, [REDACTED] attorney refused to let him take the polygraph examination.

[REDACTED] was asked whether he believed [REDACTED] had some involvement with WHITESELL's murder. [REDACTED] responded that there was no doubt in his mind that [REDACTED] was involved.

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[REDACTED] advised that, when WHITESELL's body was found, he had in his possession a \$7,500 original canceled check that he had written to DONALD E. LUKENS on May 1, 1990. The check was drawn against the HUNTINGTON BANK OF KENTON COUNTY, INC., in

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 1/13/94, Page 3

Covington, Kentucky. The check was endorsed by LUKENS. [REDACTED] stated that WHITESELL also possibly had some money orders which related to a scam in which payments were being made for alleged repair work to CTI buildings. The repair work was not actually being done.

[REDACTED] informed that CPD found a note pad on the shelf in the telephone booth where WHITESELL's body was found. In the pad, there was a letter to WHITESELL from [REDACTED] Chief of the Audit Review Branch, U.S. DOE, Washington, D.C. (WDC). The letter admonished WHITESELL for not filing an audit report with regard to CTI. The letter levied a fine of \$2,000 for the failure to submit the audit report. Also among the items in the note pad were employee rosters and various notes. [REDACTED] stated that he would provide the FBI with copies of the items in WHITESELL's possession at the time of his death.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/1/94

[redacted] was interviewed at his place of employment, State Board Of Proprietary School Registration (SBPSR), 35 East Gay Street, Suite 403, Columbus, Ohio 43215, telephone number [redacted] is an investigator for the SBPSR. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

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[redacted] advised that during the Spring of 1990, he participated in an investigation conducted by the SBPSR into recruiting violations and other improprieties at CAMBRIDGE TECHNICAL INSTITUTE (CTI). The SBPSR received a referral of a complaint made by [redacted] a former student and employee of CTI. [redacted] had originally complained to Senator HOWARD METZENBAUM's office in Cincinnati, Ohio. [redacted] of Senator METZENBAUM's staff, forwarded the complaint to the U.S. DEPARTMENT OF EDUCATION (DOE). DOE ultimately referred the matter to the SBPSR.

[redacted] stated that he sent a letter, dated March 23, 1990, to HENRY WHITESELL, the owner of CTI, notifying him of the SBPSR's receipt of [redacted] complaint. WHITESELL responded through a letter to the SBPSR, dated March 30, 1990, in which he discounted [redacted] allegations and questioned his credibility. [redacted] advised that [redacted] complaints were also referred by DOE to the Accrediting Council for Continuing Education & Training (ACCET). The SBPSR interviewed [redacted] around May 15, 1990, at the Legal Aid Society (LAS) Office in Cincinnati, Ohio. Prior to that time, [redacted] had been beaten up by some employees of CTI.

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[redacted] advised that the SBPSR determined that some of CTI's recruiters were convicted felons, which is a violation of Ohio law. [redacted] stated that these recruiters falsified information on the applications they submitted to obtain agents permits by representing that they were not convicted felons. The SBPSR has copies of the questionable applications for agents permits used by CTI recruiters.

Investigation on 12/1/93 at Columbus, Ohio File # 46A-WF-179870 SUB UU-88

by SA [redacted] [signature] Date dictated 12/15/93

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 12/1/93, Page 2

[REDACTED] stated that he participated in several meetings with WHITESELL and [REDACTED] the President of CTI. [REDACTED] advised that [REDACTED] did most of the talking during the meetings.

[REDACTED] described [REDACTED] as arrogant, unprofessional, and somewhat of a racist. [REDACTED] discussed a meeting between himself, [REDACTED] the Chief Investigator for the SBPSR, and [REDACTED] another investigator for the SBPSR. [REDACTED] is white and [REDACTED] and [REDACTED] are African-Americans. During the meeting [REDACTED] asked [REDACTED] several questions. [REDACTED] would ignore [REDACTED] and [REDACTED] and direct his answers only to [REDACTED] continually referred to [REDACTED] and [REDACTED] as "boys" [REDACTED] called the SBPSR investigative team [REDACTED] and his boys." [REDACTED] finally got tired of being referred to as a "boy." He confronted [REDACTED] and let him know that he and [REDACTED] were men and expected to be treated with respect.

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[REDACTED] participated in an audit of CTI's campuses in August, 1990. The audit was conducted jointly with the DOE and the Ohio Student Loan Commission (OSLC). During the audit, [REDACTED] was present during a conversation with [REDACTED] [REDACTED] thought the conversation took place in [REDACTED] office at CTI's Dayton, Ohio campus. [REDACTED] told the SBPSR investigators that he was suffering from throat cancer.

[REDACTED] also mentioned the name of U.S. Congressman DONALD "BUZ" LUKENS. [REDACTED] indicated that he had some sort of connection with LUKENS. [REDACTED] felt that by mentioning LUKENS, [REDACTED] was trying to show the SBPSR how powerful he was. [REDACTED] believed [REDACTED] was attempting to intimidate the SBPSR.

During the SBPSR's investigation of CTI, [REDACTED] interviewed several students at CTI. [REDACTED] stated that the students were all afraid of WHITESELL and [REDACTED] recalled being told that WHITESELL was very well-connected with officials in the government. [REDACTED] was told that WHITESELL was a very powerful man who could make life miserable for persons who crossed him.

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[REDACTED] advised that he met with [REDACTED] after WHITESELL was murdered. [REDACTED] acted distraught over WHITESELL's death and talked about how WHITESELL was a wonderful

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 12/1/93, Page 3

person. [REDACTED] mentioned that [REDACTED] another former owner of CTI, had died of a heart attack. [REDACTED] claimed to be depressed, because so many CTI officials were dying.

[REDACTED] said he just wanted to help people.

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[REDACTED] advised that, after WHITESELL's death, the SBPSR tried to prove that [REDACTED] was a part owner of CTI. Apparently, [REDACTED] was listed as a part owner of CTI on some type of written application. [REDACTED] denied having any ownership interest in CTI. [REDACTED] maintained that the application was wrong, and that WHITESELL put his name on the application without his knowledge.

[REDACTED] recalled a trip he and [REDACTED] took to Ravenna, Ohio, to obtain some CTI records in the possession of

[REDACTED] took them to a lock and store facility.

[REDACTED] and [REDACTED] were alone with [REDACTED] in the back of the storage building. [REDACTED] felt very leery of [REDACTED]

However, [REDACTED] was very "buddy, buddy" with them.

[REDACTED] offered to take them to dinner. [REDACTED] told

[REDACTED] and [REDACTED] that he had kept the "Feds" from getting the CTI records. [REDACTED] gloated about how he had outsmarted the Federal Bureau of Investigation (FBI). [REDACTED] also mentioned that WHITESELL had paid someone at ACCET, the accrediting body that accredited CTI. [REDACTED] further insinuated that some officials with the SBPSR were on WHITESELL's payroll.

[REDACTED] advised that he had other conversations with [REDACTED]. Sometimes [REDACTED] would show up unannounced at the SBPSR's offices. [REDACTED] recalled that these unannounced visits occurred sometime around when [REDACTED] did an interview on the CABLE NEWS NETWORK (CNN).

[REDACTED] informed that [REDACTED] of Senator METZENBAUM's office, received a call from some type of public official about their inquiry into CTI. The caller wanted Senator METZENBAUM's office to back off of CTI. [REDACTED] was taken aback by the call.

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[REDACTED] advised that, during the aforementioned audit of CTI, in August, 1990, he observed CTI students in a classroom setting. He noted that the majority of students seemed to have no real knowledge of what they were doing. For example, students



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Continuation of FD-302 of [REDACTED], On 12/1/93, Page 4

[REDACTED] in a computer class kept calling up the same screen as long as [REDACTED] was around. Many of the CTI students did not know how long they had been in school or the proper name of the program they were enrolled in. [REDACTED] concluded that many of the alleged students had been put in the classes to play act for the purpose of misleading the SBPSR. [REDACTED] wrote a memorandum documenting his observations. One copy of the memorandum is attached for incorporation herein.

[REDACTED] informed that CTI continually recruited individuals to enroll in programs that they were not qualified to complete. For example, [REDACTED] who had a third grade learning level, was enrolled in a computer class. [REDACTED] later brought a lawsuit against CTI through the LAS. b6 b7C

[REDACTED] advised that [REDACTED] was hired by CTI as a recruiter. [REDACTED] believed [REDACTED] was threatened by CTI people. The SBPSR attempted to subpoena [REDACTED] but were unable to find her. [REDACTED] thought that [REDACTED] was one of the CTI recruiters videotaped by a private investigator hired to document CTI's illegal recruiting practices.

TO: [ ] Chief Investigator/Compliance

FROM: [ ] Investigator/Compliance

DATE: August 27, 1990

Subject: On-site Visit to Cambridge Technical  
Institute on August 23, 1990

An investigation team consisting of Chief Investigator [ ]  
[ ] Financial Analyst [ ] and myself.

The investigation team arrived at Cambridge Technical Institute, Dayton, around 10 a.m. Wednesday, August 22, 1990. Upon entering the school we were "greeted" by the C.E.O., Henry Whitesell and the President, [ ]. At this time we were given a brief tour of the facilities, along with the tour we were introduced to the various department heads.

Shortly thereafter, Chief Investigator [ ] met with the various department heads; [ ] began a brief review of the financial statements; while I went and interviewed students.

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Upon speaking with students I noticed that the majority of the students actually seemed to have no real knowledge of what they were actually doing. For example, students in the computer class all kept calling up the same screen again and again as long as we were in sight. Various students did not remember when they began school, or know the proper name of the program they were enrolled in. In fact, the students seemed to be acting as if they had previously been instructed to play act in front of us.

In closing the investigation, I believe that Cambridge Technical Institute, Dayton, is not providing first class education to the students, that [ ] with them, and, furthermore, I believe that Cambridge Technical Institute, Dayton purposely mislead the State Board of Proprietary School Registration, Division of Investigation.

- 1 -

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/10/93

[redacted] was interviewed at his place of employment, OHIO STUDENT AID COMMISSION (OSAC), Communication & Client Services, 309 South Fourth Street, P.O. Box 16610, Columbus, Ohio 43266-0610, telephone numbers [redacted] and (800) 837-1508, facsimile number (614) 644-5230. [redacted] is a Compliance Administrator for the OSAC. After being apprised of the identity of the interviewing agent and the nature of the interview, [redacted] furnished the following information:

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[redacted] briefly described the OSAC's purpose and how the organization operates. The OSAC (which was formerly known as the OHIO STUDENT LOAN COMMISSION) serves as an insurance agency to lenders who make student loans. If a student borrower defaults on a loan, the OSAC guarantees repayment to the lender. Thus, lenders can make loans to students at very little risk. The OSAC charges a guarantee premium ranging from one-half of one percent to three percent on loans it guarantees. The OSAC also receives an administrative cost allowance from the U.S. DEPARTMENT OF EDUCATION (DOE) for each loan it guarantees. The OSAC maintains reserves of money to cover the potential liabilities.

[redacted] explained that, to qualify for the guaranteed student loan program through the DOE, a school must meet three criteria. First, it must be licensed in the state in which it operates. The STATE BOARD OF PROPRIETARY SCHOOL REGISTRATION (SBPSR) handles the licensing of schools in the state of Ohio. Second, the school must be approved by a national accrediting organization such as the ACCREDITING COUNCIL FOR CONTINUING EDUCATION & TRAINING (ACCET). Third, the school must have been in operation for at least two years. [redacted] advised that, if a school meets the aforementioned criteria and is approved by the DOE, it can apply to have its student loans guaranteed by the OSAC. The OSAC then has virtually no power to deny the school's application. [redacted] advised that a school can not be denied access to the guaranteed student loan program because of high default rates, unless it has had three years with default rates of at least 35 percent.

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Investigation on 12/01/93 at Columbus, Ohio File # 46A-WF-179870 SUB UU  
by SA [redacted] psg Date dictated 12/08/93 -89

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED]

, On 12/01/93, Page 2

[REDACTED] discussed situations in which students default on guaranteed student loans. [REDACTED] explained that students cannot default on their loans until at least one and one-half years after the loans are made. Students are then given a six month grace period before their loans are considered to be in default. Students can also qualify for deferments which further delay the payment of their loans. Thus, there can be a significant lag in time between the date a loan is made and the time it is determined to be in default. [REDACTED] defined a school's federal cohort default rate as the total amount of defaulted guaranteed student loans from all guarantors for which repayment was required to be made that year.

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[REDACTED] advised that the OSAC (then known as the OHIO STUDENT LOAN COMMISSION) was one of the guarantors on loans made to students at CAMBRIDGE TECHNICAL INSTITUTE (CTI). CTI was approved by the OSAC since 1987. [REDACTED] stated that the OSAC would have entered into a contractual arrangement with CTI.

[REDACTED] advised that CTI did not process many student loans through the OSAC until 1988. He was aware that CTI had processed a substantial number of loans prior to 1988 through the HIGHER EDUCATION ASSISTANCE FOUNDATION (HEAF), another guarantee agency located in Minnesota. In addition to HEAF, [REDACTED] identified the following entities as possible loan guarantors used by CTI: GREAT LAKES HIGHER EDUCATION CORPORATION (GLHEC), located in Wisconsin, but GLHEC also had a branch in Columbus, Ohio; UNITED STUDENT AID FUND (USAC), of Indianapolis, Indiana; and KENTUCKY HIGHER EDUCATION ASSISTANCE (KHEA).

[REDACTED] informed that, during 1988, CTI began making extensive use of the OSAC as a guarantor of its student loans.

[REDACTED] advised that the OSAC guaranteed approximately \$5 million of loans for CTI students during the time period from July 1, 1989 to June 30, 1990. [REDACTED] described that volume of loan activity as "phenomenal." [REDACTED] produced a printout showing the CTI's loan volume with the OSAC, GLHEC, and HEAF from 1985 through 1991. The printout indicated that the OSAC guaranteed approximately \$7.4 million of CTI student loans during 1988 and around \$1.8 million of CTI loans during 1990. One copy of the foregoing printout is attached for incorporation herein.

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[REDACTED] advised that, during August 1990, the OSAC participated in an unannounced audit of CTI's campuses. Other

AGAWF-179870 SUB UU

Continuation of FD-302 of \_\_\_\_\_

, On 12/01/93 , Page 3

agencies participating in the audit were Region 5 of the U.S. DEPARTMENT OF EDUCATION (DOE) and the STATE BOARD OF PROPRIETARY SCHOOL REGISTRATION (SBPSR). \_\_\_\_\_ informed that program reviewers from the OSAC were himself, \_\_\_\_\_ and \_\_\_\_\_. He recalled that \_\_\_\_\_ and \_\_\_\_\_ were representatives of DOE at the audit. \_\_\_\_\_ of the SBPSR, also participated in the audit.

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\_\_\_\_\_ informed that, at the time of the August, 1990, audit, CTI's overall federal cohort default rate was tremendously high. \_\_\_\_\_ estimated CTI's overall default rate at around 60 to 70 percent. He speculated that CTI's high overall default rate was probably the reason DOE invited the OSAC to participate in the audit. However, \_\_\_\_\_ commented that at that time of the audit, CTI's default rate on loans guaranteed by the OSAC was relatively low, about 23 percent. \_\_\_\_\_ explained that, by August, 1990, not that many of CTI's student loans processed through the OSAC had actually come due. Thus, CTI's default rate with the OSAC at that time was somewhat deceptive. \_\_\_\_\_ advised that CTI's default rate on student loans issued in Fiscal year 1988 was later determined to be approximately 81.5 percent. \_\_\_\_\_ stated that, by the August, 1990, audit, the OSAC had received some complaints about CTI including assertions that CTI had made late refunds on loans to students who had subsequently dropped out of school. \_\_\_\_\_ commented that the OSAC was not required to perform an audit of CTI until the following year.

\_\_\_\_\_ advised that CTI's high default rates had caused lenders to become wary, and the school's lender access was dwindling. He mentioned that BANK ONE had stopped making loans to students of CTI. It also appeared that CTI was having to use some different guarantee agencies, presumably because of its high default rates with its previous guarantors.

\_\_\_\_\_ explained the SBPSR's interest in CTI. The SBPSR was investigating CTI primarily for recruiting violations in its solicitation of students. The SBPSR was also concerned that CTI was using recruiters that did not meet the standards of the SBPSR. The SBPSR was also concerned about the quality of CTI's schools, teachers, and programs. \_\_\_\_\_ informed that the SBPSR is the agency that licenses schools to operate in Ohio. The SBPSR had the power to revoke CTI's license. \_\_\_\_\_ explained that, if CTI lost its license or national

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Continuation of FD-302 of [REDACTED]

, On 12/01/93, Page 4

accreditation, it would lose its authorization to participate in federal student aid programs. Thus, losing its license would have been a very serious problem for CTI. [REDACTED] also advised that recruiters for schools in Ohio must be licensed by the SBPSR.

[REDACTED] described his participation in the unannounced audit of CTI during August, 1990. [REDACTED] stated that he and the other OSAC representatives went to CTI's campus in Dayton, Ohio, on the first day of the audit. The SBPSR also went to CTI's Dayton location. Region 5 of DOE went to CTI's Cincinnati, Ohio, location. When the OSAC showed up at CTI's Dayton campus on the first day of the audit, they were met by a man whose name was possibly [REDACTED] commented that [REDACTED] was supposedly in charge but seemed to have no authority. [REDACTED] told the reviewers that he could not let them see any of CTI's records. [REDACTED] said that [REDACTED] or HENRY WHITESELL wanted to be present when CTI's records were reviewed. As a result, the OSAC and the other reviewers were denied access to CTI's records on the first day of the audit.

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After they were denied access to the CTI books and records, the OSAC called [REDACTED] of the DOE in Washington, [REDACTED] contacted CTI officials and threatened to revoke CTI's eligibility to participate in the federal student aid program if CTI did not provide access to its records. [REDACTED] explained that a school using the OSAC as a guarantor of its student loans cannot deny the OSAC access to its records. As a result of [REDACTED] call, CTI allowed the OSAC and other reviewing agencies access to CTI's records the following day. [REDACTED] advised that [REDACTED] was not present at CTI's Dayton location on the first day of the audit. [REDACTED] was present on the second day of the audit when CTI's records were first made available to the reviewers. [REDACTED] was the person who made available the files the OSAC was able to review. [REDACTED] advised that the OSAC did not meet WHITESELL until its exit conference on the last day of the OSAC's review.

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[REDACTED] informed that the OSAC conducted its review at CTI's location for about four days. The DOE's audit of CTI lasted approximately three weeks. [REDACTED] stated that CTI's most serious problem appeared to be late refunds in situations where students had dropped out of CTI's programs. [REDACTED] also mentioned problems with CTI not submitting student status

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Continuation of FD-302 of [REDACTED]

, On 12/01/93, Page 5

confirmation reports and with incorrect withdrawal dates being listed on such reports. [REDACTED] advised that the OSAC discovered conflicting information where CTI's enrollment records were inconsistent with student attendance records. [REDACTED] stated that the OSAC did not interview students at CTI. The DOE interviewed students and employees of CTI during its audit. [REDACTED] advised that the DOE learned that CTI instructors were paid to come in and help produce attendance records for students. [REDACTED] informed that the OSAC prepared a program review report containing its findings during its examination of CTI. He provided a copy of the OSAC's report which is attached for incorporation herein.

[REDACTED] advised that he dealt with [REDACTED] during the course of the OSAC's review of CTI. [REDACTED] stated that, although [REDACTED] acted nice and polite toward the OSAC, he did not find [REDACTED] to be particularly likeable. [REDACTED] stated that he was suffering from cancer. When he showed up on the second day of the audit, [REDACTED] indicated that he had just come from some type of radiation or chemotherapy treatments. During his dealings with [REDACTED] did not recall [REDACTED] making any references to U.S. Congressman DONALD "BUZ" LUKENS or any other politicians. [REDACTED] advised that [REDACTED] had a woman named [REDACTED] working for him as a Financial Aid Coordinator.

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[REDACTED] informed that the OSAC had an exit conference with WHITESELL. [REDACTED] described WHITESELL as very personable and much more likeable than [REDACTED]

[REDACTED] advised that he provided information from the OSAC's review of CTI to Region 5 of the DOE. The DOE apparently incorporated some of the OSAC's information into its audit report on CTI. An audit report was ultimately issued to CTI. CTI never responded to the audit report. [REDACTED] advised that WHITESELL, the owner of CTI, was killed, and that CTI shut down its operation before issuing a response to the audit findings. [REDACTED] informed that the OSAC has a copy of the master audit report prepared by the DOE.

[REDACTED] stated that, when WHITESELL's body was discovered after he was murdered, WHITESELL had a letter with him from [REDACTED] of the DOE. The letter was apparently in

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Continuation of FD-302 of

[Redacted]

, On 12/01/93, Page 6

regard to the DOE assessing WHITESELL or CTI some type of penalty.

[Redacted] advised that, pursuant to the OSAC's review of CTI, he met with [Redacted] of the LEGAL AID SOCIETY (LAS). The LAS had filed a class action lawsuit against CTI.

[Redacted] informed that DOE has given permission for the student loans of former CTI students to be forgiven.

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[Redacted] advised that the OSAC did a thorough program review of BOHECKER'S BUSINESS COLLEGE (BBC), a school now owned and operated by FITZPATRICK. [Redacted] stated that the OSAC did not find anything improper with BBC's operation.



# LOAN VOLUME BY GUARANTEE AGENCY AND YEAR

OPE ID: 02301500 CAMBRIDGE TECHNICAL INSTITUTE  
 EIN NO: 1311132571A1 39-45 S MAIN ST  
 DAYTON, OH 45402

Year	Agency ID	Name	Pgm	No. Borrs	Loan Amt
85	627	HEAF-MINNESOTA	GSL	243	580,841
86	627	HEAF-MINNESOTA	GSL	1,939	4,723,033
86	739	OHIO	GSL	1	2,500
86	739	OHIO	SLS	1	3,000
87	627	HEAF-MINNESOTA	GSL	4,745	11,140,794
87	739	OHIO	PLUS	1	1,738
88	627	HEAF-MINNESOTA	GSL	1,505	3,176,785
88	739	OHIO	GSL	3,290	6,927,859
88	739	OHIO	PLUS	3	11,479
88	739	OHIO	SLS	158	461,464
88	755	WISCONSIN	SLS	1	4,000
89	739	OHIO	GSL	1,533	3,301,482

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# LOAN VOLUME BY GUARANTEE AGENCY AND YEAR

OPE ID: 02301500 CAMBRIDGE TECHNICAL INSTITUTE  
 EIN NO: 1311132571A1 39-45 S MAIN ST  
 DAYTON, OH 45402

Year	Agency ID	Name	Pgm	No. Borrs	Loan Amt
89	739	OHIO	PLUS	10	20,789
89	739	OHIO	SLS	495	1,742,397
89	755	WISCONSIN	GSL	1,820	4,312,390
89	755	WISCONSIN	SLS	12	37,339
90	739	OHIO	GSL	737	1,781,625
90	755	WISCONSIN	GSL	459	1,190,881
91	739	OHIO	GSL	5	13,125
91	755	WISCONSIN	GSL	5	13,125

4 - back page Find yr: \_\_\_\_ Page 2\_ of 2 E (pf8) EXIT > \_

Eligibility File - Display Basic Data  
 OPE Id: 02301500 CRS No: 1311132571A1 Update Dt: 031391 M  
 IRS No: 311132571 CRS Update Dt: User Id: Z2H2VM  
 School Name: CAMBRIDGE TECHNICAL INSTITUTE Payee Id: 1229  
 Region: 05  
 School Addr: 39-45 S MAIN ST Cong Dist: 03  
 DAYTON OH 45402 Cntry:  
 Reason: D1 Former Branch Id: Merged with:  
 Frmr Name: CAMBRIDGE TECHNICAL INSTITUTE  
 Frmr Addr: 37 E 4TH ST DAYTON OH 45402

# OSLC

Ohio Student Loan Commission



## PROGRAM REVIEW REPORT

Institution: Cambridge Technical Institute

Location: 39-45 South Main Street, Dayton, Ohio 45402

School Code: 023015 School Type: Proprietary Accrediting Agency: ACCET

Date of Program Review: August 21 through August 25, 1990

Program Reviewer(s):

### School Officials Consulted During the Review:

Name Henry Whitesell Title Owner/Chairman of Board

Name  Title President/Director

Name  Title Financial Aid Officer

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**Introduction:** This review was conducted to determine the institution's knowledge of the Stafford (GSL)/PLUS/SLS loan programs and its compliance with Title IV, Part B, of the Higher Education Act of 1965, as amended, and the Federal Regulations (34 CFR, Parts 668 and 682) which govern the programs.

The OSLC Program Review Staff examined 53 files of the student loan portfolio for the 1988-1989 and 1989-1990 academic years. Our examination focused primarily on your institution's procedures in the areas of application processing, check handling, and reporting of student enrollment status. Our sampling of files included some students who have withdrawn. These accounts were reviewed to determine if the school properly calculated school refunds and made those refunds in a timely manner. Student enrollment status reports were examined to verify the school's accuracy in reporting those changes to the OSLC via periodic reports. If the school is currently subject to default reduction measures, the school's Default Management Plan was reviewed for compliance. The pertinent records, forms, and procedures that were available at your institution were also reviewed. In addition, interviews were conducted with the available personnel.

**Disclaimer:** Although the review was thorough, it cannot be assumed to be all inclusive. The absence of statements in the report concerning specific practices and procedures of the Cambridge Technical Institute must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Nor does it relieve your institution's obligation to comply with all of the statutory or regulatory provisions governing the Title IV programs.

### Observations

Cambridge Technical Institute (CTI) signed the School Eligibility Agreement with the OSLC on May 31, 1985. During the period under review, July 88 through June 1990, 4354 student loans, totaling \$11,373,182.00, were guaranteed through the OSLC for students attending CTI. The current Letter of Eligibility indicates the main campus in Dayton, with approved branch campuses located in Cincinnati, Middletown and Cleveland. The Middletown and Cincinnati locations have recently closed and, on October 31, 1990, the Ohio State Board of Proprietary School Registration revoked the license of CTI to operate in Ohio, thereby terminating CTI's eligibility for the Cleveland and Dayton locations.

### Application Processing

The financial aid applications, enrollment agreements, and student budgets for the students selected for our review were examined for completeness and accuracy. Stafford and SLS loan applications were, in most cases, accurate and properly documented. Conflicting data was noted in several of the students' files which were reviewed. Information certified on loan applications was not consistent with enrollment agreements regarding program length and cost for three students. Two students had a different birthdate indicated on their high school transcript than was reported on their student loan application. The estimated cost of education (COE) figure indicated on the student loan application for six students did not agree with the student budgets which were provided during the review.

### Check Handling

Cambridge Tech maintains adequate records for receipt and disbursement of student loan checks however, instances of non-compliance were observed regarding the school's handling of student refunds. Our sampling of files included several students who had departed the institution. Sixteen students were entitled to refunds, eleven of which were returned to the lender after the period of time allowed by regulations. This is a repeated finding as two previous reviews indicated late refunds. One student's second disbursement check was credited to his account 30 days after his last day of attendance. It appears to be a school policy to hold checks for students who have withdrawn from one program until the student subsequently re-enrolls into another program. This policy contributes to untimely refunds when students fail to re-enroll. Current regulations require students to maintain at least half-time enrollment in order to be considered eligible for receipt of their student loan proceeds. As a result of the numerous late refunds, Cambridge Tech must complete a file review for all students who departed the institution during the past two years to determine whether refunds were paid on a timely basis. Interest and special allowance penalties will be assessed on all refunds not made within the 60 day allowance. A copy of this analysis must be forwarded to the OSLC so that appropriate measures can be taken.

#### Student Enrollment Status

Attendance and academic records were reviewed to determine if C.T.I. monitored students satisfactory academic progress (SAP) and minimum attendance as required. It appears that C.T.I. maintained monthly statistics for student attendance, however, these monthly reports were inaccurate in respect to grade point averages that were calculated. The OSLC Student Status Confirmation Reports (SSCR) dated 5/89 and 3/90 which were completed by C.T.I. were examined to determine whether the school accurately reported the enrollment status for those students in our sample. The enrollment status for several students was incorrectly reported. In addition, the SSCR sent to the school in July 90 was not completed. Failure to report accurate information to lenders via OSLC status reports has resulted in excess federal subsidies being paid on loans that should have been put into repayment or cancelled. Cambridge Tech must review the files for all students listed on SSCR's which have been issued during the period under review and compare actual dates of withdrawal to those dates reported on the status reports. A list of names of students whose withdrawal dates were incorrectly reported must be submitted to the OSLC indicating the original date reported and the correct LDA, based on attendance records at the school. Upon receipt of this information, additional liabilities will be assessed against the school for excess federal subsidies which were paid as a result of the school's improper reporting of students' status.

#### Entrance/Exit Interviews

Entrance and exit interview forms with student signatures were examined to substantiate the school's compliance with entrance and exit counseling requirements. Most of the student files reviewed contained entrance and exit interview forms. Many of the entrance and exit interview forms were signed by the student on the same date, which would indicate that students were asked to sign both forms at the same time. According to Public Law 99-498, the Reauthorization Act of 1986, institutions must offer loan counseling to their student loan borrowers prior to their departure from the institution, for those borrowers with periods of enrollment beginning on or after July 1, 1987. This is to be offered at or just before the students graduation or withdrawal and is not meant to be combined with the entrance interview. The entrance interview is separate and is required as a result of the Default Reduction Measures which went into effect on July 20, 1989 for schools with first time borrowers receiving their first disbursements.

#### Default Management Plan

Cambridge Technical Institute's default rate for FY 1987 was 81.5%, down from its FY default rate of 85%, but still unacceptable. Because of the school's excessive default rate, it was required to implement Appendix D, of the General Provisions. A copy of the default management plan which C.T.I. has implemented was provided to the review staff during our site visit. We strongly recommend that C.T.I. utilize the Request for Collection Assistance (RCA) reports that the OSLC generates monthly as a service for our lenders. By assisting lenders in their pursuit of students and their loan obligations, C.T.I. will share the benefits of lower default rates.

- 1 -

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/17/94

[ ] was contacted at his place of employment, RACHLIN ASSOCIATES, New York, New York, telephone number [ ]. After begin advised of the identity of the Interviewing Agent and the nature of the interview, [ ] provided the following information:

[ ] advised that he had served as the District Representative for U.S. Congressman DONALD "Buz" LUKENS. In that capacity, [ ] was the head of all of LUKENS' staff in Ohio and was in charge of his district offices in Hamilton, Middletown, and Greenville, Ohio. [ ] advised that he maintained an office in LUKENS' Hamilton location. He stated that he spent most of his time in the Hamilton office. [ ] did not have an office at either LUKENS' Middletown or Greenville locations. [ ] commented that he occasionally went to LUKENS' Middletown office and only went to the Greenville location once in a while.

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[ ] informed that [ ] was the Manger of LUKENS' Hamilton office. [ ] married [ ] and has possibly moved to Atlanta, Georgia. [ ] advised that [ ] was LUKENS' District Representative prior to him [ ] taking the position. According to [ ] was terminated by LUKENS because of problems with his job performance. One of [ ] problems was that he was not properly keeping track of the finances for LUKENS' office. [ ] father lives in Eaton, Ohio. [ ] identified [ ] and [ ] as other employees in LUKENS' Hamilton office. There were also a couple of part-time workers whose names [ ] could not recall.

[ ] identified [ ] as the Manager of LUKENS' Middletown office. [ ] now works for U.S. Congressman JOHN BOEHNER. Other employees of the Middletown office were [ ] and [ ] also currently works for BOEHNER.

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Investigation on 1/21/94 at Falls Church, Virginia File # WMFO 46A-WF-179870  
Sub UU 90  
by SA [ ] Date dictated 1/28/94

WMFO 46A-WF-179870

Continuation of FD-302 of [redacted], On 1/21/94, Page 2

[redacted] advised that [redacted] was the Manager of LUKENS' Greenville office. [redacted] still lives in Greenville.

[redacted] informed that LUKENS' total staff, including staffers in Washington, D.C., and in the three district offices in Ohio, consisted of 21 persons.

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CWS/CWS

The following investigation was conducted by SA [REDACTED]

[REDACTED] at Falls Church, Virginia, on 11/16/93:

[REDACTED] Supervising Staff Attorney, LEGAL AID SOCIETY OF DAYTON (LASD), was contacted at telephone number [REDACTED]. [REDACTED] was aware of CAMBRIDGE TECHNICAL INSTITUTE (CTI), which operated trade schools in southwestern Ohio, including one in Dayton, Ohio. [REDACTED] described CTI's reputation as "really bad." However, he stated that the LASD never filed a lawsuit or any other type of legal action against CTI. [REDACTED] advised that the LEGAL AID SOCIETY (LAS) in Cincinnati, Ohio, filed a class action lawsuit against CTI. [REDACTED] was the LAS attorney in charge of the lawsuit.

[REDACTED] informed that [REDACTED] the head of the STATE BOARD OF PROPRIETARY SCHOOL REGISTRATION (SBPSR), has talked about CTI practicing illegal student recruiting tactics. CTI's recruiting violations included recruiting prospective students outside welfare offices and other similar locations. CTI students were also allegedly responsible for approximately \$8 million of defaulted loans. [REDACTED] advised that the SBPSR licenses schools operating in Ohio, and that schools must reapply for their licenses around every three years. The SBPSR evaluates schools at the time their licenses are up for renewal.

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46A-WF-179870 UU-91

- 1 -

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/9/84

[redacted] DOB: [redacted] of [redacted]  
[redacted] Silver Spring, Maryland 20902, telephone number [redacted]  
[redacted] was interviewed at his place of employment,  
ACCREDITING COUNCIL FOR CONTINUING EDUCATION & TRAINING (ACCET),  
600 East Main Street, Suit 1425, Richmond, Virginia 23219,  
telephone number [redacted] facsimile number (804) 780-0821.  
[redacted] is [redacted] of ACCET and has held that position  
since May, 1990. After being advised of the identity of the  
interviewing Agent and the nature of the interview, [redacted]  
provided the following information:

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[redacted] described ACCET as a private non-profit  
corporation established to review and evaluate institutions of  
continuing education. [redacted] informed that schools must be  
accredited in order to apply for Federal Title IV funding for  
their students in the form of Pell Grants and guaranteed student  
loans.

[redacted] briefly described the application process  
followed by schools wanting to receive accreditation through  
ACCET. Initially, a school completes an inquiry form to show  
that it meets the minimum criteria to be considered for  
accreditation by ACCET. The basic criteria are that a school be  
in operation for at least two years and have an established body  
of educational materials. Next, a school makes an application to  
ACCET. If the school's application is accepted, representatives  
of the school go to a workshop which is primarily focused on how  
to perform an Analytic Self-Evaluation Report (ASER). The ASER,  
which is basically a self-analysis of the school, contains 33  
subsections to standards for accreditation. If a school  
successfully completes the ASER, ACCET schedules an on-site visit  
to the school. The on-site review team usually consists of one  
ACCET staff member and three volunteers. [redacted] advised that  
the volunteers are often recruited from schools accredited by  
ACCET and usually consist of a management specialist, a contents  
specialist, and a continuing education specialist. For schools  
using Title IV financial aid programs, the continuing education

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specialist may be replaced by a financial aid specialist. The on-site review team spends one and one half to two days at the school conducting an evaluation and analysis in the context of the ASER. The review team then prepares a report containing their findings. One copy of the report is sent to the school, which makes a response to ACCET. Finally, an autonomous Accreditation Review Commission makes a determination whether the school meets the standards for accreditation by ACCET. The Accreditation Review Commission consists of five ACCET members and four public non-affiliated individuals. [REDACTED] estimated that ACCET's accreditation process takes approximately six to twelve months.

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When ACCET accredits a school, the accreditation period can last from one to five years in duration. In the interim, the school must furnish ACCET with annual reports and financial information. ACCET also reviews complaints against the school and can make unannounced visits to the school's facilities. At the end of the accreditation period, a school can apply for re-accreditation, at which time ACCET conducts additional reviews.

[REDACTED] stated that he became the President of ACCET on May 1, 1990. He had been employed by ACCET since December, 1988. [REDACTED] worked in other areas for ACCET until January, 1990, when he began doing accreditation work full-time. On May 1, 1990, ACCET underwent a reorganization. Virtually, the entire professional staff of ACCET was terminated. [REDACTED] the President of ACCET, was fired. ACCET Vice Presidents [REDACTED] and [REDACTED] were terminated. [REDACTED] was elevated from [REDACTED] to Acting [REDACTED]. He was later made the [REDACTED] of ACCET. [REDACTED] stated that [REDACTED] and [REDACTED] were unhappy about their terminations and [REDACTED] ascension to the position of President of ACCET.

[REDACTED] informed that [REDACTED] began working for ACCET during 1987 or 1988. [REDACTED] was previously employed by the Girl Scouts. [REDACTED] was hired by [REDACTED], the former President of ACCET. [REDACTED] stated that he basically "inherited" [REDACTED]. He explained that, after [REDACTED] was terminated during the ACCET reorganization on May 1, 1990, he felt he had to offer [REDACTED] some type of position with ACCET. [REDACTED] offered [REDACTED] an Accreditation Coordinator position at a \$15,000 cut in pay from what she previously earned as a Vice President. [REDACTED] hoped the \$15,000 pay cut would dissuade [REDACTED] from accepting the

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offer. [REDACTED] did not consider [REDACTED] to be a competent employee. Unfortunately for [REDACTED] sake [REDACTED] accepted the Accreditation Coordinator position and continued to work for ACCET.

[REDACTED] advised that, during November, 1990, he received a disturbing telephone call from a man named [REDACTED] [REDACTED] was the President of CAMBRIDGE TECHNICAL INSTITUTE (CTI), which operated technical schools in Ohio. CTI was accredited by ACCET. [REDACTED] was also the owner of BOHECKER'S BUSINESS COLLEGE (BBC), which also operated trade schools in Ohio. The former owner of CTI and former joint owner of BBC, HENRY WHITESELL, had recently been murdered.

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[REDACTED] called to tell [REDACTED] that a member of the ACCET staff had performed some work for WHITESELL and received a large sum of money from WHITESELL in return. [REDACTED] refused to identify the ACCET official by name. [REDACTED] stated that the allegations by [REDACTED] raised serious conflict of interest concerns because of ACCET's accreditation of CTI. [REDACTED] prepared a memorandum documenting the call from [REDACTED]

[REDACTED] described the demeanor of [REDACTED] during the above-stated telephone call. He stated that [REDACTED] was not at all concerned with the integrity of ACCET or the propriety of the actions of [REDACTED] or WHITESELL. [REDACTED] was simply very annoyed that WHITESELL had paid a large amount of BBC funds to [REDACTED] asserted that he was now in charge of BBC (because of WHITESELL's death), and that he wanted the money back that WHITESELL had paid to [REDACTED] Getting the money back was [REDACTED] primary motivation for calling [REDACTED]

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[REDACTED] stated that he determined that [REDACTED] was probably the ACCET representative [REDACTED] was referring to with his allegations. [REDACTED] was the only ACCET official to have significant dealings with CTI or WHITESELL. [REDACTED] confronted [REDACTED] with the allegations. [REDACTED] readily admitted that she had worked for WHITESELL and received money from him. [REDACTED] told [REDACTED] that she had provided speech writing services to WHITESELL in return for the money. However, [REDACTED] claimed that she had worked for BBC, not CTI. She claimed that she did not know that BBC and CTI were affiliated in any way. Because BBC was not accredited by ACCET (although CTI was), [REDACTED] asserted that she had not engaged in a conflict of interest situation.

[REDACTED] stated that he was unaware that [REDACTED] had received any

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payments or gratuities from WHITESELL until he received [REDACTED]'s telephone call in November, 1990.

[REDACTED] informed that, during October, 1988, [REDACTED] had coordinated an accreditation review of CTI. The review team consisted of approximately seven individuals. [REDACTED] was an observer during the review. [REDACTED] herself, participated in the on-site review of CTI's operation. [REDACTED] stated that he had no evidence that [REDACTED] had improperly influenced or attempted to influence the accreditation review of CTI during October, 1988. However, as the ACCET staff member coordinating the review, [REDACTED] could have written the evaluation report on CTI or altered the report without the knowledge of the other members of the review team.

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[REDACTED] advised that, during the summer of 1990, CTI was placed in a "show cause" status by ACCET. [REDACTED] described the "show cause" classification as a "red flag", indicating the school is failing to maintain appropriate standards of compliance. A "show cause" proceeding is a very serious matter, and the one against CTI was only the second "show cause" in the history of CTI. A "show cause" can be based on various evidence. [REDACTED] stated that, in CTI's case, the "show cause" resulted in large part from CTI's extremely high student loan default rate, which at one point was possibly the highest in the United States. [REDACTED] described CTI as "shaky". [REDACTED] advised that he assigned [REDACTED] to handle the "show cause" proceeding against CTI. [REDACTED] handled the "show cause" action for ACCET against CTI. [REDACTED] did not disclose to [REDACTED] her financial relationship with [REDACTED] was unaware of the financial arrangement between [REDACTED] and WHITESELL. [REDACTED] commented that, had he known that [REDACTED] had received payments from WHITESELL, he would never have assigned her to handle CTI's "show cause" proceeding, as he would have considered the assignment to create a conflict of interest. [REDACTED] stated that he had no evidence that [REDACTED] acted improperly during the "show cause" action against CTI. [REDACTED] referred to a letter dated August 22, 1990 as an indication that the "show cause" against CTI occurred around that time during the summer of 1990.

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[REDACTED] stated that the "show cause" proceeding against CTI basically became a moot point when WHITESELL was murdered in October, 1990. CTI had decided to shut down many of its schools. However, [REDACTED] recalled that a meeting was held

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by ACCET concerning CTI around December, 1990. Discussions during the meeting indicated that CTI was not going to be able to overcome the allegations of the "show cause" action. CTI's main problem was the high default rates on loans to students of the school. [REDACTED] advised that CTI's accreditation was officially revoked by ACCET around December, 1990.

[REDACTED] advised that, within a couple weeks of taking his position as President of ACCET in May, 1990, he wrote a policy statement on conflict of interest situations. One of the provisions of the policy was that any gifts of \$25 or more received by ACCET employees must be reported to the comptroller.

[REDACTED] believed that all ACCET employees signed the new ethics policy statement. [REDACTED] was fairly certain that [REDACTED] signed such a statement. [REDACTED] commented that, according to his best recollection, around the middle of May, 1990, [REDACTED] engaged in a conflict of interest by accepting money from WHITESELL. [REDACTED] was not sure whether [REDACTED] signed the ethics policy statement before or after she received the money from WHITESELL. In any event [REDACTED] did not notify [REDACTED] or anyone else at ACCET of her acceptance of the money from WHITESELL. b6 or b7C

[REDACTED] informed that the Inspector General for the U.S. DEPARTMENT OF EDUCATION (DOE) conducted an investigation into allegations of improprieties against [REDACTED]. The DOE Inspector General developed evidence which confirmed that [REDACTED] received payments from WHITESELL. A couple of days after learning about the Inspector General investigation, [REDACTED] terminated [REDACTED] from her position with ACCET. [REDACTED] believed that [REDACTED] was officially terminated on about September 22, 1991. [REDACTED] stated that [REDACTED] has steadfastly denied doing anything wrong. The payments to [REDACTED] were made through a BBC bank account rather than an account held by CTI. BBC was not accredited by ACCET, as was CTI. BBC was accredited by the Association of Independent Colleges and Schools (AICS) in Washington, D.C. [REDACTED] advised that the AICS may now be called the ACICS). Thus, [REDACTED] claims she did not receive payments from a school accredited by ACCET and did not engage in a conflict of interest situation, despite the fact that WHITESELL was a principal operator of both BBC and CTI. [REDACTED] filed an Equal Employment Opportunity (EEO) lawsuit against ACCET, alleging she was wrongfully terminated because of her age, sex,

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and race. \_\_\_\_\_ lost the EEO suit. \_\_\_\_\_ currently has another lawsuit pending against ACCET.

\_\_\_\_\_ was questioned regarding a complaint made by \_\_\_\_\_ against CTI during the Spring of 1990, which was referred to ACCET. \_\_\_\_\_ advised that \_\_\_\_\_ would have handled the \_\_\_\_\_ complaint on behalf of ACCET. At that time, \_\_\_\_\_ handled all complaints received by ACCET. \_\_\_\_\_ was unaware of the \_\_\_\_\_ situation or what action, if any, was taken by \_\_\_\_\_. b6 b7C

\_\_\_\_\_ stated that he was not aware of ACCET receiving any calls or contact from any political figures on behalf of CTI. \_\_\_\_\_ advised that politicians or their staff members possibly could have spoken directly to \_\_\_\_\_ or other ACCET officials without his knowledge. \_\_\_\_\_ stated that, during the Spring of 1990, things were "chaotic" at ACCET. Today, as the President of ACCET, \_\_\_\_\_ would want to know if any ACCET representative was contacted by a Congressman or other elected official. However, in the Spring of 1990, ACCET probably could have been contacted by a prominent political official without \_\_\_\_\_ knowledge.

\_\_\_\_\_ vaguely remembered something about \_\_\_\_\_ saying she had been threatened. \_\_\_\_\_ thought the individual making the threats was \_\_\_\_\_.

\_\_\_\_\_ advised that, at one point, ACCET was in some type of trouble. ACCET received a subpoena regarding a hearing or investigation being conducted by U.S. Senator SAM NUNN. b6 b7C

\_\_\_\_\_ informed that \_\_\_\_\_ sometimes went by the name \_\_\_\_\_ holds a Bachelor of Science degree from the UNIVERSITY OF AKRON in Ohio. \_\_\_\_\_ also holds a Juris Doctor (JD) degree from the UNIVERSITY OF AKRON. The JD degree is the basis for \_\_\_\_\_ referring to herself as "Doctor".

\_\_\_\_\_ stated that ACCET would provide its records concerning \_\_\_\_\_ CTI, and BBC upon receipt of a Federal Grand Jury subpoena.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/22/94

[redacted] was telephonically contacted at her place of employment, U.S. DEPARTMENT OF EDUCATION (DOE), Chicago, Illinois, telephone number [redacted] is the Section Chief of the Institutional Review Branch of DOE in Chicago. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] furnished the following information:

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[redacted] advised that during August 1990, she participated in an unannounced on-site program review of CAMBRIDGE TECHNICAL INSTITUTE (CTI). The review was conducted by DOE, the Ohio State Board of Proprietary School Registration (SBPSR), and the Ohio Student Loan Commission (OSLC). Review teams showed up on CTI's various campuses on 8/21/90. On Monday, August 20, 1990, the day preceding the start of the program review, representatives of DOE and the SBPSR met with officials of the Legal Aid Society (LAS). The LAS had filed a class action lawsuit against CTI, and LAS provided information about the suit and other improper practices perpetrated by CTI.

[redacted] informed that the program review began at approximately 11:40 a.m., on Tuesday August 21, 1990, when a review team arrived unannounced at CTI's Cincinnati, Ohio, campus. At 11:50 a.m., HENRY WHITESELL, the owner of CTI, showed up and met the reviewers. [redacted] advised that she was getting her information about the specifics of the review from Appendix C of the program review report prepared by DOE. One copy of Appendix C is attached for incorporation herein.

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[redacted] advised that, on August 22, 1990, while the program review was ongoing, she received a telephone call from [redacted] of DOE's Office of Congressional Affairs in Washington, D.C. (WDC). [redacted]'s office had been contacted by U.S. Congressman DONALD "BUZ" LUKENS on behalf of [redacted] the President of CTI. LUKENS complained that [redacted] was being required to be in two places at one time. [redacted] explained that a review team had also arrived unannounced

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by SA [redacted] Date dictated 2/4/94

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at CTI's Dayton, Ohio campus on August 21, 1990. The team that went to CTI's Dayton campus was forced to leave and return the following day. [REDACTED] stated that she told [REDACTED] that [REDACTED] presence was not necessary, and that the reviewers had not asked for [REDACTED] to be present during the program review.

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[REDACTED] was questioned concerning persons who would have had advance knowledge of the surprise program review of CTI. She advised that [REDACTED] of the LAS, would have prior knowledge of the review, since DOE officials met with the LAS on August 20, 1990. Members of the SBPSR and the OSLC who were participating in the review obviously would have had advance knowledge. [REDACTED] stated that the unannounced program review was kept very secretive within DOE, and few DOE personnel were aware of the planned review. [REDACTED] referred to Appendix C of the DOE program review report where it mentioned that, on August 20, 1990, reviewers had visited a branch of BOHECKER'S BUSINESS COLLEGE (BBC) in Middleton, Ohio. The reviewers were noticed by a BBC employee who followed them and asked them what they were doing. This incident at the BBC location could have raised the suspicions of CTI officials (BBC and CTI were both owned and operated by WHITESELL and [REDACTED]).

[REDACTED] commented that the August 1990 program review of CTI must have made [REDACTED] nervous. [REDACTED] quickly contacted an attorney and scheduled a meeting to discuss CTI with the DOE Inspector General in Philadelphia, Pennsylvania. [REDACTED] identified [REDACTED] as [REDACTED] attorney. [REDACTED] stated that [REDACTED] was a former congressional staffer.

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[REDACTED] had apparently been recommended to [REDACTED] by [REDACTED] congressman.

[REDACTED] informed that CTI was subject to periodic audits by DOE. The Inspector General for audit at DOE had done an audit which preceded the August 1990 program review by a couple of years.

[REDACTED] stated that DOE had suspected improprieties at CTI for a long time. However, prior to the August 1990 review, DOE was never able to prove such improper activities, because WHITESELL and his personnel falsified student records and other documents to conceal their fraudulent activities. [REDACTED] stated

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Continuation of FD-302 of [REDACTED], On 1/27/94, Page 3

that she had never met WHITESELL or [REDACTED] prior to the August 1990 program review.

[REDACTED] informed that she had received a telephone call during March 1990, from [REDACTED] of the LAS, concerning CTI.

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[REDACTED] advised that the August 1990 unannounced program review of CTI was led by [REDACTED] (phonetic). [REDACTED] of DOE in Chicago, did not participate in the review of CTI, but she would have been familiar with the situation. [REDACTED] is now in WDC and can be reached at [REDACTED]. [REDACTED] advised that [REDACTED] oversaw the DOE institutional review program in Washington at the time of the program review of CTI. [REDACTED] is still with DOE and can be reached at [REDACTED].

[REDACTED] mentioned that the SBPSR may have conducted a review of CTI during May 1990. The SBPSR was very interested in investigating illegal recruitment practices of schools. [REDACTED] identified [REDACTED], and [REDACTED] as representatives of the SBPSR. They were very "hot" about [REDACTED] at the time of the program review of CTI.

[REDACTED] was asked about [REDACTED] [REDACTED] advised that [REDACTED] was formerly in charge of audit resolution for DOE. When WHITESELL was murdered during the Fall of 1990, he had a letter from [REDACTED] in his possession. It was apparently an audit resolution letter. [REDACTED] speculated that the letter related to a CPA audit or DOE audit of CTI that occurred six to twelve months before. [REDACTED] advised that [REDACTED] was terminated from DOE for soliciting money from schools with whom she was dealing. [REDACTED] commented that the Chief of the Audit Resolution Branch for DOE, [REDACTED] position, is in a powerful position against schools with large liabilities. [REDACTED] allegedly attempted to use her position for her personal gain. [REDACTED] informed that [REDACTED] was [REDACTED] supervisor at the time she was fired. [REDACTED] is still in Washington. [REDACTED] is currently in charge of audit resolution for DOE. [REDACTED] can be reached at telephone number [REDACTED]. [REDACTED] advised that [REDACTED] may know [REDACTED] present address.

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[REDACTED] said that she had heard that [REDACTED] possibly used illegal drugs.



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Appendix C

Program Review Site Visit

The review team arrived in Cincinnati on Monday, August 20, 1990.

Following is the day-by-day course of events that transpired while on-site in Cincinnati.

August 20, 1990:

11:00 a.m. - The reviewers met with [redacted] of Legal Aid, and [redacted] and [redacted] of the Ohio State Board of Proprietary School Registration, at the Legal Aid Society in Cincinnati. The reviewers received information regarding the class action suit and settlement agreement, the recruiting practices of the Cincinnati campus, the accusations of fraud and an update from the Ohio state board. The reviewers also received a list of students and former employees who were deposed by Legal Aid.

4:00 p.m. - The reviewers left their hotel in Sharonville, Ohio and drove up to Middletown, Ohio in search of Cambridge's Middletown campus. Upon arriving at the given address, the reviewers discovered that the school had been turned into a campus of Bohecker's Business College (ED had not been notified of the change). The reviewers took the elevator up to the school, looked around for a moment, then left. A man followed the reviewers to the street, ran after them, and stopped reviewer #2. The man asked reviewer #2 if he could help him. Reviewer #2 replied "Can't I just be John Q. Public and look around?" The reviewers later discovered that this man was [redacted] a Cambridge/Bohecker's employee. Next, the reviewers drove to Lebanon, Ohio to find a branch campus of Bohecker's. After an extensive search, the reviewers managed to find a store front office in Lebanon at a location other than what appeared in ED's records.

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9:00 p.m. - The lead reviewer met with [redacted] (OSLC) and two compliance officers who accompanied him, in the hotel lobby in Sharonville. The lead reviewer briefed [redacted] on the events of the day, and discussed the unannounced reviews that were taking place the following day.

August 21, 1990:

9:00 a.m. - The section chief arranged with the Cincinnati office of the Ohio Attorney General for use of their facilities during the review so that students could be interviewed and telephones would be available to the review team.

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Appendix C-2

11:40 a.m. - The reviewers arrived unannounced at the Cincinnati campus. The security guard announced their presence, via telephone, and took the reviewers to the 3rd floor to meet [redacted] Henry Whitesell's son. [redacted] informed the reviewers that he had contacted his father, and his father was coming over to meet with them. [redacted] had the reviewers wait in a lounge area and then moved them into a classroom.

11:50 a.m. - Henry Whitesell came into the classroom. After the reviewers introduced themselves, the lead reviewer handed Henry Whitesell the written notification of the program review and proceeded to conduct the entrance interview. The lead reviewer also handed Henry Whitesell a list of documents that would be required for the review, and a letter describing the closed school procedures along with the following materials:

- a. Current Student Aid and Other Related Regulations (through September 1989);
- b. a photocopy of Section 668.25 - Loss of Institutional Eligibility - from the above regulations;
- c. Dear Colleague Letter GEN-89-58;
- d. Pro-Rata refund information worksheet;
- e. Pro-Rata refund calculation worksheet; and
- f. Refund calculation worksheet.

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The written notification letter, list of documents and closed school procedures letter are labeled Exhibit D hereto.

12:05 p.m. - The reviewers left for lunch.

1:15 p.m. - The reviewers returned from lunch and were moved to another classroom by [redacted]. Two school catalogues, a program participation agreement, an eligibility letter and admissions forms have been placed on a table. Upon request, [redacted] brought the reviewers the active students' financial aid files.

2:20 p.m. - Henry Whitesell brought the reviewers the 1988-89 Pell Grant Student Payment Summary, the surety bonds for all campuses, and the default reduction management plan.

4:40 p.m. - The reviewers left the Cincinnati campus.

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Appendix C-3

August 22, 1990

9:15 a.m. - The reviewers arrived at the Cincinnati campus and were met by [redacted] brought the 1988-89 and 1989-90 student lists for the Cincinnati campus (the reviewers later discovered that these lists were partial copies of the Cambridge working Pell Grant ledgers), copies of bank statements for the Pell Grant and GSL accounts, the 1988-89 and 1989-90 Pell Grant and GSL budgets and an exit interview sheet missing from the default management plan.

9:40 a.m. - [redacted] said that, per corporate, the school did not keep a log of when GSL checks arrived at the school and were signed by the students. [redacted] said he documents the outside of a student's financial aid file when a loan application is mailed. [redacted] also said that the same is true for Pell Grant; a log of disbursements is not kept. The lead reviewer asked [redacted] to call corporate back and ask them what they use when reconciling Pell Grant disbursements, in order to complete a Pell Grant Institutional Payment Summary. The lead reviewer returned the 1989-90 student list to [redacted] because it was not in alphabetical order. [redacted] was asked to either number the pages or categorize the list into sets. [redacted] also took the active students' financial aid files to work on them - he said that he would bring them back in one hour.

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10:15 a.m. - [redacted] returned with the 1989-90 student list in order. The lead reviewer told him that the student lists appear to be Pell Grant ledgers. He said that he did not know anything about it and the reviewers would have to speak with the financial aid director this afternoon.

10:45 a.m. - The lead reviewer gave [redacted] the first student sample list, and asked him for the 1989-90 Pell Grant Student Payment Summary. (Note: After the reviewers had given the list of students selected for the sample, they encountered serious delays in receiving the files, student ledger cards, and other documentation such as the Pell Grant ledgers and the instructors' attendance records.)

12:00 noon - [redacted] brought back the active students' financial aid files. The lead reviewer asked him when would the files from the sample list be received. He said they were working on them; the files were kept at the Dayton campus and a messenger was supposed to bring them out today. The lead reviewer asked him to have corporate supply the reviewers with the back-up data to support the check amounts reported on the Pell Grant account bank statements.

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Appendix C-4

...While at the Attorney General's office in Cincinnati, the section chief received a telephone call from [redacted] Office of Congressional Affairs in Washington, D.C. [redacted] was contacted by the office of Congressman Donald E. "Buzz" Lukens on behalf of his constituent, [redacted] had complained that the Department was requiring him to be in two places at once. [OSLC compliance officers arrived unannounced at the Dayton campus on August 21, 1990 and were asked by Henry Whitesell to leave and return the following day. (Henry Whitesell threatened to have them "bodily removed".)] The section chief told [redacted] that the reviewers did not ask for [redacted] presence during the program review.

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12:50 p.m. - The reviewers left for lunch.

1:45 p.m. - The reviewers returned from lunch. The lead reviewer went to the Attorney General's office to meet with the section chief.

2:30 p.m. - The lead reviewer returned to the Cincinnati campus.

4:20 p.m. - The reviewers met with Henry Whitesell, [redacted] and [redacted]. The section chief asked Henry Whitesell and [redacted] where the Cincinnati records were. Henry Whitesell replied that the 1988-89 files were stored in Dayton; some of the 1989-90 files were in Dayton, and some were stored in Cincinnati. The 1990-91 records were in Cincinnati. The fiscal records were kept at corporate. The section chief told them that the instructors' attendance records (source documents) were needed. [redacted] said that they did not have them; the records were kept for 2 quarters and then tossed away. The section chief told [redacted] to be certain that his statements were correct, as the record retention requirements were 5 years, and there would be an exception if they did not have the attendance records. [redacted] nodded his head. Henry Whitesell stated it was not fair that OSLC and ED were split at different locations because they (the school) were short staffed and did not want to be split up. The lead reviewer gave Henry Whitesell the second and third lists of sample students, for 1988-89 and 1989-90.

5:00 p.m. - The reviewers left the Cincinnati campus.

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Appendix C-5

August 23, 1990

9:15 a.m. - The reviewers arrived at the Cincinnati campus. A meeting was held with Henry Whitesell, [redacted] (the school's attorney) and the reviewers. Henry Whitesell stated that he asked his attorney to attend because he was concerned about the review. He indicated that the 2 prior audits from ED were announced reviews, and it was not fair that the reviewers had requested 105 files. Henry Whitesell then said, "We don't have anything to hide - we will be glad to show you anything, any record you want."

[redacted] questioned:

1. How long the reviewers would stay;
2. The size of the sample;
3. The procedure for an unannounced review;
4. The coordination with OSLC;
5. The opportunity for Whitesell and Fitzpatrick to be present; and
6. The burden on the Cambridge staff.

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[redacted] wanted the team to stipulate the sample size, length of stay, timing of the exit interview and the acceptability of a procedure of bringing 30 files throughout the day. [redacted] also asked, "Can we have a scope of this audit, as opposed to the scope changing every day at 4:30?" In addition, [redacted] brought up the sample size for this review as compared with the sample sizes used for the Office of Inspector General audit and the prior Institutional Review Branch program review.

The section chief responded to [redacted] questions:

1. The reviewers would stay until they were able to finish their work;
2. The reviewers were very concerned about the high volume-high default rate [(then) second highest in the nation];
3. The samples pulled by OSLC and the reviewers were less than 10% of the school's population;
4. The reviewers' scope was governed by their mission: to determine that taxpayer dollars were being used for the purposes intended and that the school was properly administering the funds;
5. The section chief reiterated what was stated to Henry Whitesell and [redacted] the day before: a) the reviewers were willing to go where the records were; and b) the reviewers did not require either Henry Whitesell or [redacted] to be present during the entire review - the records should stand on their own;

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Appendix C-6

6. The quicker the reviewers receive the records, the quicker they can complete their work;
7. The reviewers can not specify when the work will be completed, since the records have not been received. The reviewers will stay as long as necessary to complete the review;
8. If Henry Whitesell and [ ] can not be here all of next week, the reviewers can work without assistance; Henry Whitesell and [ ] indicated that the staff who worked on the financial aid and fiscal records were no longer employed there. If fiscal records are needed, the corporate office is still in operation and just a block away;
9. The reviewers will schedule the exit interview for a time when Henry Whitesell and [ ] are available - the reviewers will come back if necessary.

Immediately following the meeting, the reviewers were brought "30 files. The reviewers counted 22 sets of complete files (academic financial aid and ledger cards), and 10 financial aid files.

9:40 a.m. - The lead reviewer gave Henry Whitesell a list of fiscal documents needed for the review.

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10:20 a.m. - Henry Whitesell brought the original bank statements and the original Pell Grant checks. He also provided the name and phone number of [ ] the bookkeeper at corporate, in case she needed to be contacted directly.

10:45 a.m. - [ ] brought 10 academic files from the student sample. The lead reviewer asked [ ] if Cambridge were quarter hour with terms or a quarter hour without terms school. He said that they were quarter hours without terms. The lead reviewer asked him what the academic year consisted of. He said he thought it was 3 quarter hours. The lead reviewer referred him to page 9 of the school's 1990 catalogue:

COLLEGE CREDIT

Cambridge Technical Institute uses the quarter hour as its unit of credit. The academic year is divided into five ten-week quarters. A minimum of 12 hours per quarter is required for full time student status.

[ ] said that he was going over to corporate. The lead reviewer asked him to ask about the academic year.

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Appendix C-7

11:00 a.m. - A messenger brought another packet from corporate. It consisted of some credit balance checks, along with copies of the student ledgers.

12:15 p.m. - [ ] brought 16 sets of files.

12:50 p.m. - [ ] brought 8 sets of files, one financial aid file with the accompanying ledger card and the ledger cards that the lead reviewer requested at 12:30 p.m.

1:00 p.m. - The reviewers left for lunch.

2:00 p.m. - The reviewers returned from lunch.

2:50 p.m. - [ ] brought another packet from corporate, containing original checks and copies of ledgers. The lead reviewer confirmed with him that Henry Whitesell and [ ] would come at 4:00 p.m. to speak with the reviewers.

4:00 p.m. - The reviewers met with Henry Whitesell and [ ]. The section chief handed Henry Whitesell a list of documents still needed - he reviewed the list. The lead reviewer asked [ ] about the academic year length. He said he would check on it. Henry Whitesell stated that he will be out of town the following Monday or Tuesday, and asked if the reviewers would come back next Wednesday. The lead reviewer told Henry Whitesell that the reviewers would be back on Monday. Everyone agreed that the exit interview would be conducted later on in the following week.

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6:15 p.m. - The reviewers left the Cincinnati campus.

August 24, 1990:

10:00 a.m. - The reviewers arrived at the Cincinnati campus.

10:15 p.m. - [ ] brought 11 binders of instructors' attendance records.

11:13 a.m. - Conversation between the lead reviewer and Henry Whitesell:

The school did not maintain a GSL log. The school will implement a GSL log for all loans received on or after July 1, 1990. Henry Whitesell's GSL coordinator picked up the log at a financial aid workshop.

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Appendix C-8

The lead reviewer asked Henry Whitesell about Boecker's. Henry Whitesell said the main campus was in Ravenna, with branches in Alliance and Middletown, Ohio. The Covington, Ky. campus had closed and had moved to Middletown. The lead reviewer asked him why the Boecker's Middletown campus was now located at the Cambridge address. Henry Whitesell said that Boecker's was in another building; the building was sold and they had to evacuate by August 1, 1990. Boecker's was moved to the Cambridge location. The lead reviewer asked Henry Whitesell if he had submitted an address change. He said that a change of address was submitted - he then changed "was submitted" to "in process".

The lead reviewer asked Henry Whitesell if he owned any other schools besides Cambridge and Boecker's. He said that he presently did not own or have interest in any other school.

Henry Whitesell said that Fifth-Third Bank in Cincinnati was not cashing GSL refund checks that the school was sending to them. Fifth-Third discontinued processing GSL applications from Cambridge after the 1987 cohort default rates were published. The lead reviewer asked Henry Whitesell if the school processes SLS applications for students. He said they do not, if at all possible. The Cleveland school would have the most SLS borrowers since the students there are most aware of what they could borrow.

Henry Whitesell handed the lead reviewer more checks, student file #36-Appendix C, and the new GSL log that will be used. He showed the lead reviewer a box that had been left on the table this morning, which contained ED/PMS 272s, student status confirmation reports, Wonderlic and T.A.B.E. documentation, default management plan and 1988-89 and 1989-90 Pell Grant Institutional Payment Summaries.

Henry Whitesell asked about the findings so far. The lead reviewer told him:

1. the GSL authorization letter did not have a recision clause;
2. late refunds;
3. excess cash.

2:30 p.m. - The reviewers left the Cincinnati campus for the airport.



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Appendix C-9

August 27, 1990:

12:45 p.m. - The reviewers (without the section chief) arrived at the Cincinnati campus. [ ] greeted the reviewers at the door. He brought 7 sets of student files.

2:50 p.m. - The lead reviewer gave [ ] a list of 3 students whose files were still missing as of August 27, 1990.

3:10 p.m. - [ ] returned the above list with explanations.

5:15 p.m. - The reviewers left the Cincinnati campus.

August 28, 1990:

8:50 a.m. - The reviewers arrived at the Cincinnati campus.

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11:00 a.m. - The lead reviewer spoke with [ ] and asked him for 3 missing checks from the 1988-89 back-up data, all back-up data for 1989-90 and 1990-91, deposit back-up from non-ED/PMS deposits and Pell Grant Statement of Accounts.

11:42 a.m. - [ ] came to the campus to deliver the Pell Grant Statement of Accounts and to pick up the original bank statements and checks for copying.

12:40 p.m. - The reviewers left for lunch.

1:45 p.m. - The reviewers returned from lunch.

2:25 p.m. - The lead reviewer gave [ ] a request for an academic file from the 1989-90 sample.

2:25 p.m. - The reviewers met with [ ]:

The reviewers received clarification on the academic year length:

A calendar year is 5 quarters and an academic year is 3 quarters - 3 quarter hours. [ ] believes that the school monitor satisfactory academic progress by quarter hours.

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Appendix C-10

[ ] asked when the reviewers would be finished. The lead reviewer told him by Friday, August 31, 1990. He said that he would reschedule his treatment (Henry Whitesell had told the reviewers that [ ] has leukemia and receives chemotherapy treatments) because he wanted to be present for the exit interview. He said that he could not read Henry Whitesell's handwriting and could not rely on notes taken by him at the exit interview.

6:30 p.m. - The reviewers left the Cincinnati campus.

In the regional office...the section chief had a telephone conversation with [ ] from the OSLC, about the review they were conducting at the Dayton campus. Henry Whitesell told [ ] that the ED reviewers had the 10 student files missing from their sample. Of those 10 students, 8 had attended the Cleveland campus and 2 had attended the Cincinnati campus. Of the 2 students who had attended the Cincinnati campus, only one was in the ED sample.

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August 29, 1990:

8:45 a.m. - The reviewers arrived at the Cincinnati campus.

11:00 a.m. - The lead reviewer called [ ] at corporate and asked her for subsidiary Pell Grant ledgers and back-up data for the 1989-90 Pell Grant account checks.

1:30 p.m. - The reviewers left for lunch.

2:30 p.m. - The reviewers returned from lunch.

4:00 p.m. - [ ] brought half (July 1989 - January 1990) of the 1989-90 Pell Grant checks and back-up data.

6:30 p.m. - The reviewers left the Cincinnati campus.

August 30, 1990:

8:00 a.m. - The reviewers arrived at the Cincinnati campus.

2:00 p.m. - The lead reviewer asked [ ] for the student account ledgers that belonged to the active student files. He said that he did not think he could have them today. The lead reviewer asked to have them by tomorrow.

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Appendix C-11

[redacted] asked if the reviewers wanted to meet with Henry Whitesell or [redacted] today. The lead reviewer said it would not be necessary, but a 1:00 p.m. meeting for tomorrow was requested with Henry Whitesell, [redacted] and [redacted], the placement director.

5:15 p.m. - The reviewers left the Cincinnati campus.

August 31, 1990:

8:10 a.m. - The reviewers arrived at the Cincinnati campus.

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10:00 a.m. - [redacted] brought the student account ledgers for the active students.

1:00 - 1:30 p.m. - "Preliminary" exit interview was conducted. The reviewers, Henry Whitesell and [redacted] were in attendance. [redacted] did not attend the meeting. The lead reviewer handed Henry Whitesell and [redacted] a list of documentation that was still needed as of August 31, 1990. The lead reviewer went through the list with Henry Whitesell and [redacted]. Henry Whitesell and [redacted] were told that because the fiscal and student records needed further analyzing, the reviewers would return to the school on September 10, 1990.

The list of documentation needed as of August 31, 1990 is labeled Exhibit E hereto.

1:45 p.m. - The reviewers left the Cincinnati campus for the airport.

September 10, 1990:

The reviewers [with the section chief, without the reviewers #4 and # (reviewer #4 returned to Cincinnati September 12, 1990)] arrived at the Cincinnati campus. The following documentation was waiting in the classroom:

1. Total enrollments, 1986-87 through 1990-91;
2. Syllabus for Learning to Learn course;
3. Pell Statement of Accounts, 1988-89 and 1989-90;
4. ED/PMS Form 272s for 1988-89 and 1989-90;
5. Graduate placement files, 1988 and 1989; and
6. Attendance records for Spring B 1990 and Summer I 1990.

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Appendix C-12

2:45 p.m. - The reviewers were met by [ ] OSLC, at the Cincinnati campus, who brought the reviewers copies of the account ledgers from his review in Dayton.

4:00 p.m. - The lead reviewer met with [ ] and requested that Henry Whitesell and [ ] meet with the reviewers tomorrow at 9:00 a.m. The summary pages of the 1988-89 Pell Grant Student Payment Summary were also requested.

4:45 p.m. - The reviewers left the Cincinnati campus.

September 11, 1990:

8:50 a.m. - The section chief and reviewer #3 went to the Attorney General's office to conduct student interviews. The lead reviewer and reviewer #2 arrived at the Cincinnati campus.

9:15 a.m. - Meeting with Henry Whitesell and [ ]

[ ] indicated that the graduate placement files brought to the reviewers yesterday were the only documentation regarding the students' placement.

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The lead reviewer and Henry Whitesell reviewed the "supporting documentation" list given to Henry Whitesell on August 31, 1990:

- a. Pell Grant ledgers - per Henry Whitesell, the school has worksheets for Pell. They will bring them over today;
- b. 272s - per Henry Whitesell, the copies given to the reviewers were all they have;
- c. Back-up data - the lead reviewer told Henry Whitesell that the back up data for February 1990 and beyond was still needed;
- d. Per Henry Whitesell, the OSLC student status confirmation report, due August 15, 1990, was being completed this week. The lead reviewer asked Henry Whitesell for a copy of it, when completed.
- e. Withdrawal rates - per Henry Whitesell, the withdrawal rates were computed by [ ] - he will bring them today.
- f. Supporting documentation for track record disclosure - per [ ] the graduate placement files are the only supporting documentation used for track record disclosure. [ ] stated that he takes the group of graduates per quarter and calculates the track record disclosure information. The lead reviewer asked [ ] if he had any summary documentation for track record disclosure. [ ] replied, "No." The lead reviewer asked him to check again.

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Appendix C-13

Henry Whitesell stated that the child care provided by the school was free.

10:30 a.m. - Henry Whitesell brought 1988-89 and 1989-90 withdrawal rate data and the 1988-89 Pell Grant worksheets. The lead reviewer asked Henry Whitesell for copies of the Pell Grant worksheets, and also asked to see the originals to verify that the copies were complete.

12:45 p.m. - Henry Whitesell brought the copied and original Pell Grant worksheets.

5:00 p.m. - The reviewers left the Cincinnati campus.

September 12, 1990:

9:00 a.m. - The reviewers arrived at the Cincinnati campus.

9:30 a.m. - The lead reviewer went to the Attorney General's office to meet the section chief and reviewer #3. The section chief was on the telephone with [redacted] Regional Inspector General for Investigation - Region III. The section chief and lead reviewer briefed [redacted] on the program review and information received while in Cincinnati.

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11:15 a.m. - The lead reviewer called [redacted] at corporate to advise her that the 1989-90 and 1990-91 Pell Grant worksheets and the 1989-90 and 1990-91 back-up Pell Grant data (from February 1990 forward) were still needed. The lead reviewer told [redacted] that Henry Whitesell had been informed of this yesterday. She said that Henry Whitesell was in the restroom, but would give him the message.

1:30 p.m. - The reviewers received a packet containing copies of the bank statements from February 1, 1990 through August 31, 1990 and the 1989-90 Pell Grant worksheets for the Cincinnati and Middletown campuses. The back-up Pell Grant data for the bank statements was still not received. The packet also contained a note from [redacted] stating that Henry Whitesell and [redacted] were at a state board meeting in Columbus, and they would be back this evening.

2:15 p.m. - The lead reviewer saw [redacted] in the lobby area of the school, and asked him if he had checked for the summary documentation for track record disclosure. [redacted] said that he had checked, but there was no other documentation other than the graduate placement files.

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Appendix C-14

3:30 p.m. - The section chief and lead reviewer walked to corporate to speak with [redacted]. The two walked through the door and noticed a man and a woman sitting in another room, working fervently at what appeared to be the Pell Grant worksheets. The man and woman did not hear the reviewers walk in. While the reviewers waited, they heard Henry Whitesell communicating with the woman. The reviewers knocked on the door of the other room, introduced themselves and asked for [redacted]. The man said [redacted] was not in. The lead reviewer then asked for Henry [redacted]. The man said Henry Whitesell was not in. The woman introduced herself as [redacted] came out of the room, and told the reviewers that Henry Whitesell was at the state board meeting in Columbus, and [redacted] had left for the day. As the reviewers were talking with [redacted] the man ran towards the back of the suite. The lead reviewer left a written message for [redacted] asking for the Pell Grant worksheets, Cleveland and Dayton campuses, and the back-up data for the Pell Grant bank statements. [redacted] said that Henry Whitesell was good about calling in, and she would be in touch with either Henry Whitesell or [redacted]. The lead reviewer told [redacted] that the documentation was needed by tomorrow.

5:10 p.m. - The reviewers left the Cincinnati campus.

The lead reviewer left Cincinnati and returned to Chicago later that evening.

September 13, 1990:

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3:00 p.m. - Telephone conversation between the section chief and Henry Whitesell:

Henry Whitesell explained about the missing files. The section chief requested files for 2 additional students.

The section chief asked Henry Whitesell if it were correct that his placement director did not have supporting documentation for track record disclosure. Henry Whitesell said "Yes." He had asked [redacted] about the documentation. [redacted] thinks a former employee took the records, because they have the records for all other campuses.

Henry Whitesell thinks that the default problem is due to dealing with a drop-out rate between 40% to 60%. The section chief stated that part of a default management plan is to provide financial counseling.

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Appendix C-15

Henry Whitesell said that he taught at Arsenal Tech., in Indianapolis, in the late 60's and early 70's. He also taught at IUPUI and at Butler: english and journalism. He was a newspaper reporter for the Indianapolis Times, and is angry about the way the newspapers and television do stories about Cambridge.

Henry Whitesell said that the "Dret School people" told him no one from the Department of Education came out to visit them, and they do not have to do anything about their closed schools. Henry Whitesell wanted to know how they got away with that.

Henry Whitesell said that CareerCom taught out of a fruit stand for 6 months and no one did anything. He also said that Sawyer in Cleveland had students using hand-held computers and also drew pictures of computers because they did not have enough equipment.

Dialogue:

HW: "Some of our workers' work is not what it should be."

[ ] "Is that why you are looking at everything before we get it ?"

HW: "Well, Yes. I want to be sure it's correct. After all, we're the owners and I want to be sure it's correct. I want to be sure everything balances."

[ ] "If you balance everything, we won't have any findings."

HW: "Ha ! (laughed) - I have conducted audits for ACCET and AICS. 6 out of 7 schools I did, did not get accredited."

HW: "I think we have a good school. What do you think ?"

[ ] "You hardly have a school in Cincinnati. We're basically looking at paper."

HW: "We're the only ones who don't charge for child care. I think it's been a real factor in retention. Of course, we give bus tokens to students too. We had 2 counselors who would call students if they didn't come to school."

The on-site review ended September 14, 1990. The Cincinnati and Middletown campuses closed on October 5, 1990. L. Henry Whitesell was murdered on October 28, 1990. The Dayton and Cleveland campuses closed after Henry Whitesell's death, presumably on October 29, 1990.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/15/94

Pursuant to a Federal Grand Jury investigation into  
potential criminal conduct by former U.S. CONGRESSMEN DONALD  
"Buz" LUKENS [REDACTED]

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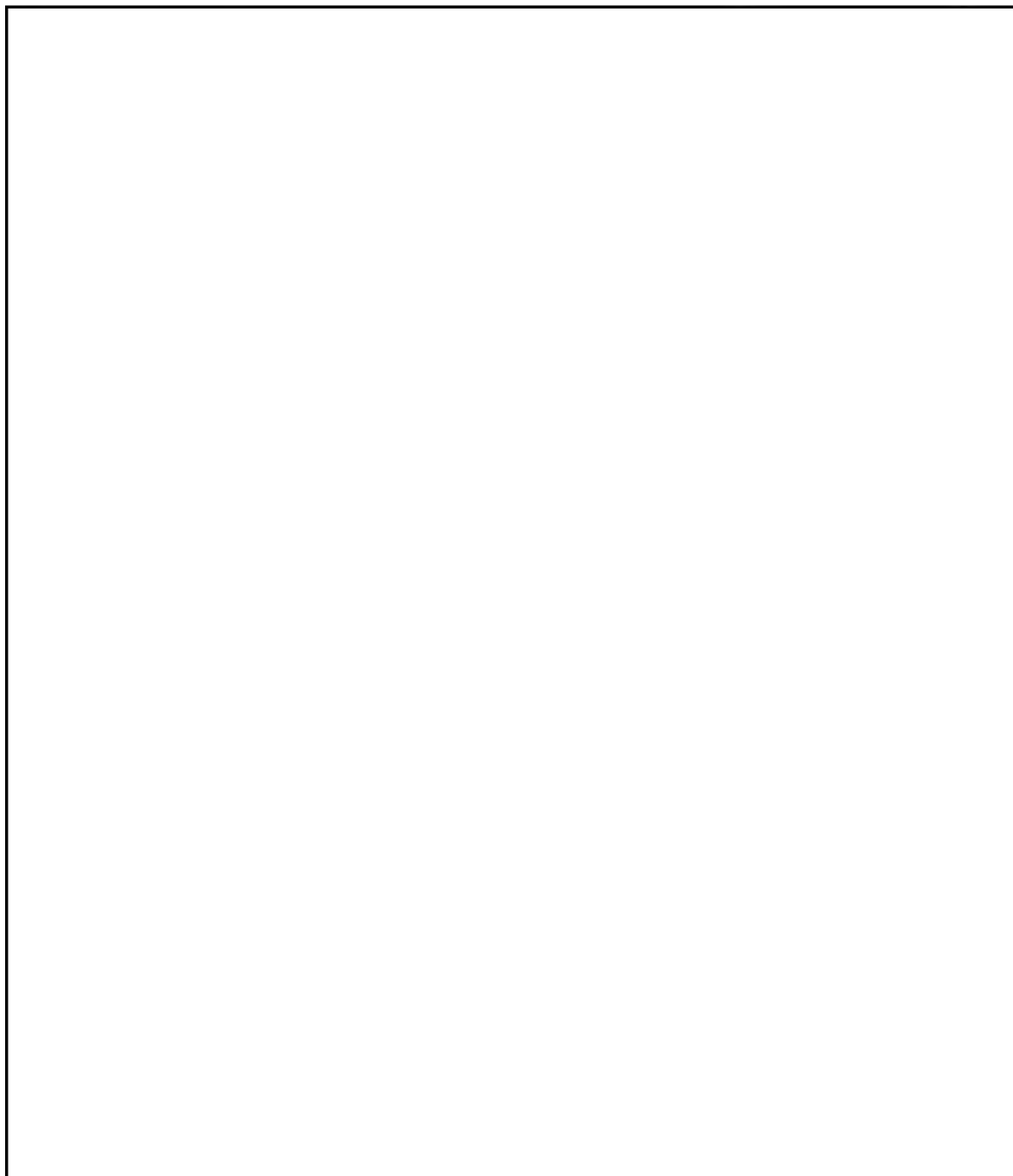
b3  
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Investigation on 2/1/94 at Falls Church, Virginia File # WMFO 46A-WF-179870  
by SA [REDACTED] 2jms Sub UU -BX1 Date dictated 2/8/94



WMFO 46A-WF-179870

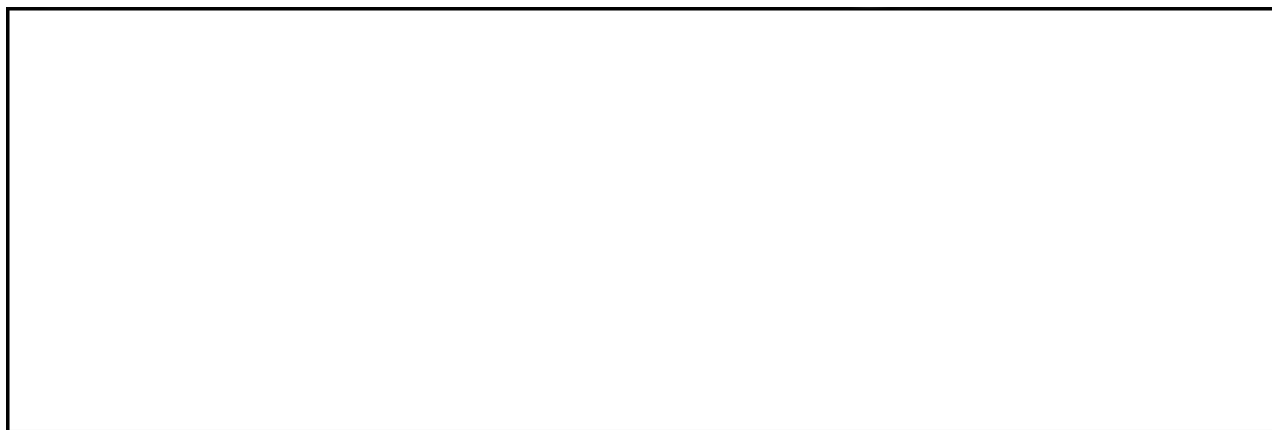
Continuation of FD-302 of U.S. CONGRESSMEN, On 2/1/94, Page 2



b3

WMFO 46A-WF-179870

Continuation of FD-302 of U.S. CONGRESSMEN, On 2/1/94, Page 3



b3

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/22/94

[redacted] was telephonically contacted at her place of employment, U.S. DEPARTMENT OF EDUCATION (DOE), Washington, D.C. (WDC), telephone number [redacted]. [redacted] is the Assistant Inspector General for Investigations at DOE. After being apprised of the identity of the interviewing agent and the nature of the interview, [redacted] furnished the following information: b6 b7C

During 1990, [redacted] was the Regional Inspector General for Investigations in DOE's Region V. [redacted] was located in Chicago, Illinois. She explained that Region V of DOE covered the State of Ohio for the purposes of program reviews of schools operating in Ohio. However, due to a DOE realignment in 1988, investigations of schools located in Ohio were handled by DOE's Region III Office in Philadelphia, Pennsylvania. Since her work involved investigations, Ohio was not one of the states [redacted] was responsible for during 1990.

[redacted] advised that DOE conducts periodic program reviews of schools participating in federal student aid programs. DOE also conducts audits of schools in some instances. [redacted] briefly described the difference between a DOE program review and a DOE audit. She advised that a program review involves an evaluation of a school's administration of the Title IV money program. Program reviews are conducted periodically at schools receiving federal money. An audit by DOE is a more serious matter and usually indicates that there are significant problems at a school. DOE audits are conducted by Inspector General auditors and outside Certified Public Accountants (CPAs). DOE audits use statistical sampling and other similar techniques. DOE audits require letters of engagement and compliance with Generally Accepted Auditing Standards. b6 b7C

[redacted] was aware of a program review conducted by DOE in August 1990, at CAMBRIDGE TECHNICAL INSTITUTE (CTI). [redacted] was not directly involved in the program review and did not go to Ohio for the review. She advised that [redacted] of

(telephonically)

Investigation on 2/7/94 at Falls Church, VA File # 46A-WF-179870 SUB UU-94  
by SA [redacted] Date dictated 2/15/94

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED]

, On 2/7/94, Page 2

DOE prepared a report of the findings during the program review. As a result of the review, a referral regarding CTI was made to the DOE Inspector General in Philadelphia and to the FBI in Philadelphia.

[REDACTED] was aware that the August 1990 program review of CTI was unannounced. She stated that unannounced program reviews by DOE are not normal. Usually, some advance notice is given to the school being reviewed. [REDACTED] commented that there must have been indications of problems at CTI for DOE to go in unannounced to conduct a program review.

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[REDACTED] could not recall receiving any calls or inquiries from public officials regarding DOE's August 1990 program review of CTI. She stated that she would probably have been the DOE official in Chicago to receive any calls from congressional offices or the press. Had she taken any such calls, [REDACTED] would have referred the callers to DOE's Public Affairs Office in WDC. [REDACTED] informed that a [REDACTED] (LNU) was the contact person of the DOE Public Affairs Office in Washington. [REDACTED] suggested that inquiries about the DOE program review of CTI could have been made directly to the Public Affairs Office in Washington. She would probably not have been aware of such inquiries. [REDACTED] also mentioned that callers could have contacted the DOE office in Philadelphia about the CTI situation. [REDACTED] and [REDACTED] at telephone number [REDACTED], would have been the contact persons in Philadelphia.

[REDACTED] stated that she had no recollection of receiving calls from U.S. Congressman DONALD "BUZ" LUKENS or anyone on LUKENS' staff regarding CTI. [REDACTED] had some recollection of the name [REDACTED], but she did not know why.

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[REDACTED] advised that she had no dealings with [REDACTED]. She recalled that [REDACTED] was a partner of HENRY WHITESELL, the owner of CTI. [REDACTED] described [REDACTED] as a "shadow partner". [REDACTED] advised that the Chicago DOE office had opened an inquiry into WHITESELL and CTI but had transferred the matter to the DOE office in Philadelphia.

[REDACTED] was asked about [REDACTED]. She advised that [REDACTED] was formerly employed by DOE in the position of Chief of the Audit Resolution Branch. [REDACTED] explained that schools

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 2/7/94, Page 3

are required to have a Certified Public Accountant (CPA) audit every two years. The audit reports are sent to DOE's Audit Resolution Branch. The schools respond to the audit findings. If there are disputes between schools and DOE, they are resolved by the Audit Resolution Branch. [REDACTED] commented that, as the Chief of the Audit Resolution Branch for DOE, [REDACTED] was in a position to decide how much money a school would be required to pay or to determine that a school had no obligation to pay anything. Thus, [REDACTED] was in a very powerful position. b6 b7C

[REDACTED] informed that [REDACTED] was terminated by DOE around March 1993. [REDACTED] was investigated by DOE for soliciting bribes. [REDACTED] advised that [REDACTED] sent a bribe solicitation over a government facsimile machine to a consultant in Missouri or Colorado. [REDACTED] was unsuccessful in obtaining the bribe. The individual from whom [REDACTED] solicited the bribe contacted DOE, and [REDACTED] commented that he basically "set her [REDACTED] up".

[REDACTED] stated that DOE was unable to determine on which cases [REDACTED] might have taken bribes. [REDACTED] was not aware of any allegations that [REDACTED] had improper dealings with WHITESELL, [REDACTED] or CTI. [REDACTED] advised that the actual audits of schools would have been handled by someone other than [REDACTED]. She mentioned that [REDACTED] or [REDACTED] at telephone number [REDACTED] might be able to provide information concerning the resolutions of the last audits of CTI. b6 b7C

[REDACTED] informed that the DOE personnel center may have a current address for [REDACTED]. [REDACTED] stated that the FBI could have access to DOE's file pertaining to the investigation of [REDACTED] for solicitation of bribes.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/18/94

[redacted] was interviewed at the MARRIOTT HOTEL, 500 East Broad Street, Richmond, Virginia. [redacted] was formerly employed with the Accrediting Council For Continuing Education & Training (ACCET). After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] was born on [redacted]. She is a black female. [redacted] currently resides at [redacted] Clinton, Ohio 44216, telephone number [redacted]. [redacted] also owns a house which she uses as an office at [redacted] Richmond, Virginia 23235, telephone number [redacted]. The house at [redacted] is currently up for sale. [redacted] advised that she presently does consulting work which requires her to travel a great deal. [redacted] informed that she holds a Juris Doctor degree from the UNIVERSITY OF AKRON.

[redacted] advised that she worked for the Girl Scouts before she was employed with ACCET. The Girl Scouts were accredited by ACCET. [redacted] was also the head of a legal and research organization. [redacted] went to work for ACCET during January, 1988. From January, 1988 through May 2, 1990, [redacted] served as the Vice-President of Administration for ACCET. On May 2, 1990, [redacted] was terminated as part of the reorganization of ACCET. She was rehired on May 7, 1990 in the position of Accreditation Coordinator. [redacted] was employed by ACCET in that position from May 7, 1990 through September 19, 1991, when she was terminated. [redacted] stated that from 1981 through 1988, prior to her paid employment with ACCET, she handled volunteer assignments for ACCET. As a volunteer [redacted] would participate in on-site visits and evaluations of schools accredited by ACCET or schools applying for such accreditation. [redacted] also served on the Accrediting Commission of ACCET, the body that makes the final decision regarding whether a school will receive accreditation by ACCET.

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Investigation on 2/9/94 at (Richmond, VA) File # 46A-WF-179870 SUB UU-95  
by SA [redacted] :EJS Date dictated 2/16/94

WMFO 46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 2/9/94, Page 2

Through her work with ACCET, [REDACTED] met HENRY WHITESELL. WHITESELL had ownership interests in CAMBRIDGE TECHNICAL INSTITUTE (CTI) and BOHECKER's BUSINESS COLLEGE (BBC). [REDACTED] described WHITESELL as a pleasant person. [REDACTED] stated that she entered into a contractual agreement with WHITESELL to do consulting work for BBC. BBC was not accredited by ACCET. [REDACTED] explained that WHITESELL wanted to expand BBC and put a school in Akron, Ohio. The Akron school was to be located in an old department store. [REDACTED] stated that she did some research into the situation and discovered that the UNIVERSITY OF AKRON was planning to establish a continuing education facility in the same area. She determined that BBC would be unable to successfully complete if it opened a school in Akron. [REDACTED] reported her findings to WHITESELL. [REDACTED] acknowledged that her consulting agreement with WHITESELL paid her approximately \$15,000 per year in increments of \$1,250 per month. [REDACTED] was shown several \$1,250 checks payable to her from BBC. She confirmed that they were payments pursuant to her consulting agreement with WHITESELL.

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[REDACTED] stated that, during May, 1990, she entered into another contract with WHITESELL to provide speech writing services. According to the terms of the agreement, [REDACTED] was to receive \$14,000 in return for writing four speeches for BBC. [REDACTED] stated that WHITESELL wanted to be able to market to a larger audience and felt her speech writing expertise was necessary to accomplish this. [REDACTED] confirmed that she received \$14,000 from WHITESELL around May, 1990. [REDACTED] was shown one copy of an agreement for speech services signed by her on May 1, 1990 and signed by WHITESELL on May 14, 1990. One copy of this agreement is attached for incorporation herein. [REDACTED] verified her signature on the document and confirmed that it was the contract between herself and WHITESELL for speech writing services.

[REDACTED] explained the circumstances surrounding the \$14,000 speech writing agreement she entered into with WHITESELL during May, 1990. ACCET underwent a reorganization around that time. Prior to the reorganization, [REDACTED] was earning \$53,000 per year as a Vice-President. When ACCET reorganized, she was terminated. [REDACTED] was rehired by ACCET as an Accreditation Coordinator at an \$18,000 per year cut in pay. [REDACTED] stated that her husband was physically unable to work, and she needed extra money to maintain their standard of living. [REDACTED]

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Continuation of FD-302 of [REDACTED], On 2/9/94, Page 3

contacted WHITESELL and informed him about her situation. She told WHITESELL that she was starting a speech writing business and asked him if he would like to use her services. WHITESELL agreed to pay [REDACTED] \$14,000 to write four speeches for BBC. [REDACTED] indicated to WHITESELL that she could not continue to work for ACCET at her new salary unless she supplemented her income somehow. [REDACTED] stated that WHITESELL responded something to the effect that she could not do any good for him if she left her position with ACCET. However, [REDACTED] claimed that WHITESELL never asked her to compromise her standards with regard to his schools, and she maintained that she did not give any preferential treatment to CTI or BBC. [REDACTED] mentioned that, around the time, she was negotiating the \$14,000 speech writing contract with WHITESELL, BBC was being visited by its accrediting organization, the Association of Independent Colleges & Schools (AICS). BBC was possibly experiencing some problems at that point in time.

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[REDACTED] advised that, around May, 1990, she also negotiated a second contract with WHITESELL. Under the second contract, she was to receive periodic payments from WHITESELL, unlike the above-stated contract where she received the \$14,000 up-front. [REDACTED] stated that WHITESELL reneged on the second contract because of financial problems.

[REDACTED] stated that when she was hired by ACCET, it was with the condition that she be allowed to do paid outside consulting, speech writing, and give speeches for schools that were not accredited by ACCET. Because BBC was not accredited by ACCET, [REDACTED] maintained that she did not engage in a conflict of interest situation by accepting money from WHITESELL.

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[REDACTED] informed that during 1988, she coordinated an on-site review of CTI. The review team included herself [REDACTED], a (First Name Unknown) [REDACTED] who worked for the State of Ohio, and [REDACTED] who served as an observer during the proceedings. [REDACTED] explained that, as the ACCET staff representative, she coordinated the review team. However, she did not make recommendations regarding CTI and had no vote on issues decided by the team. [REDACTED] stated that according to ACCET's standards, CTI appeared to be a good school at that time. [REDACTED] stated that ACCET did not investigate the financial aid program and procedures of CTI.



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Continuation of FD-302 of [REDACTED], On 2/9/94, Page 4

[REDACTED] stated that she was aware of several complaints against CTI. [REDACTED] processed many of the complaints against CTI. She recalled a complaint made by [REDACTED] a former student and employee of CTI. [REDACTED] thought [REDACTED] complaint was referred to ACCET through the office of Ohio Senator HOWARD METZENBAUM. [REDACTED] remembered working with a [REDACTED] of Senator METZENBAUM's office. [REDACTED] advised that she sent several letters of correspondence on the [REDACTED] situation. [REDACTED] stated that, typically, she would send a letter to the school against which a complaint was filed, get a response back from the school, and then try to decide whether the problem was serious enough to merit further attention. [REDACTED] advised that ACCET did not have enough staff to conduct investigations into complaints filed against schools it accredited. [REDACTED] could not specifically remember the outcome of the [REDACTED] situation.

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[REDACTED] informed that ACCET received a complaint from an attorney from Cleveland, Ohio, named [REDACTED] had filed a class action lawsuit against CTI demanding refunds for former students of CTI. [REDACTED] advised that [REDACTED] "wrote every politician" with complaints about CTI. [REDACTED] stated that [REDACTED] the President of ACCET, assigned her to handle [REDACTED] complaint against CTI.

[REDACTED] recalled one situation where CTI settled a case out of court with a gag order prohibiting disclosure of details of the case.

[REDACTED] advised that CTI was put in a "show cause" status by ACCET around the summer of 1990. She explained that a school can be put in this status if ACCET believes the school is violating certain standards. The school must then show cause to ACCET why its accreditation should not be withdrawn. [REDACTED] handled the "show cause" action against CTI. As part of the "show cause" proceeding, ACCET obtained a videotape showing CTI recruiters engaging in various illegal recruiting practices. [REDACTED] reviewed the tape containing the recruiting violations. [REDACTED] stated that she did not make an on-site visit to CTI during the "show cause" proceeding. [REDACTED] advised that WHITESELL was murdered during the Fall of 1990, before completion of the "show cause" action. [REDACTED] believed WHITESELL was killed before CTI even made a response to ACCET. At the time of WHITESELL's death, CTI was in the process of going out of business. [REDACTED] was dealing with WHITESELL during this period

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Continuation of FD-302 of [REDACTED], On 2/9/94, Page 5

of time. [REDACTED] informed that CTI's accreditation was officially withdrawn by ACCET at some time after WHITESELL's death. [REDACTED] wrote a memorandum to the Accrediting Commission concerning the withdrawal of CTI's accreditation. [REDACTED] maintained that WHITESELL and CTI did not receive any favored treatment from herself or ACCET with regard to the "show cause" situation. [REDACTED] informed that ACCET's attorney, [REDACTED] was involved in the revocation of CTI's accreditation and made the proposal that CTI's accreditation be lifted.

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[REDACTED] advised that she knew [REDACTED] the Director of Operations at CTI. She believed that she initially met [REDACTED] during 1988 or 1989 at a proprietary schools organization meeting. [REDACTED] dealt face-to-face with [REDACTED] on a few occasions. [REDACTED] advised that, when she needed to contact someone at CTI, she usually attempted to reach WHITESELL. When WHITESELL was not available, she would generally talk to [REDACTED] informed that [REDACTED] was usually at CTI's Dayton, Ohio school. [REDACTED] described [REDACTED] as arrogant, impolite, sexist, and nasty. She also referred to him as a "snake". She did not enjoy dealing with [REDACTED]

[REDACTED] claimed that she did not know that [REDACTED] was a part owner of BBC with WHITESELL. She also stated that she was not aware that WHITESELL owned CTI. [REDACTED] claimed that WHITESELL only told her that he owned BBC.

At some time after WHITESELL's death [REDACTED] began receiving threatening calls from [REDACTED]. During one of the first calls, [REDACTED] told her that he had found a check by which WHITESELL had paid her \$14,000 of BBC funds. [REDACTED] claimed to have had no knowledge about the payment until he discovered the \$14,000 check. [REDACTED] told [REDACTED] that he wanted the \$14,000 back. [REDACTED] threatened that, if [REDACTED] did not pay back the money, he would call [REDACTED] and tell him about the payment and other "things" about her. [REDACTED] made statements to [REDACTED] such as, "I can cause you big trouble" and, "I could drop this if you agree to pay the money back."

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Through the calls from [REDACTED] learned that [REDACTED] wanted the \$14,000 back so he could buy the portion of BBC formerly owned by WHITESELL. [REDACTED] questioned whether \$14,000 was enough to buy WHITESELL's former ownership

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Continuation of FD-302 of [REDACTED], On 2/9/94, Page 6

interest in BBC. [REDACTED] claimed that WHITESELL had taken \$500,000 out of BBC's accounts. [REDACTED] offered to set up a payment plan to help [REDACTED] pay back the \$14,000.

[REDACTED] also harassed [REDACTED] to repay consulting fees she received from WHITESELL. [REDACTED] claimed he had not seen the results of any consulting work done by [REDACTED] stated that she had performed a study in the Akron, Ohio area, pursuant to her ongoing consulting contract with WHITESELL.

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With respect to the \$14,000 speech writing contract with WHITESELL, [REDACTED] claimed that she actually researched and wrote four speeches. She completed the work before WHITESELL was murdered. [REDACTED] stated that she provided her work product to WHITESELL prior to his death. Thus, [REDACTED] maintained she legitimately earned the \$14,000 she received from WHITESELL.

[REDACTED] felt [REDACTED] was attempting to extort money out of her. [REDACTED] threatened that if she did not repay the \$14,000, he would either take action to get [REDACTED] in trouble or bring legal action against [REDACTED] to get the money back.

[REDACTED] stated that she refused to pay back any money to [REDACTED] told [REDACTED], "I won't have this" when he attempted to extort money from her. [REDACTED] stated that she wrote [REDACTED] a letter in which she told him that her contract was with WHITESELL and BBC, and if WHITESELL failed to advise [REDACTED] of the agreement, that was not her fault. [REDACTED] advised that she never paid [REDACTED] any portion of the money he was demanding.

[REDACTED] advised that [REDACTED] eventually got his attorney, [REDACTED], involved in their dispute. [REDACTED] wrote a letter to [REDACTED] concerning the money [REDACTED] allegedly owed [REDACTED]. [REDACTED] also talked with [REDACTED] a couple of times on the telephone. [REDACTED] told [REDACTED] that he represented [REDACTED]. He said something to the effect of, "I'm supposed to collect this money". [REDACTED] made reference to the figure of \$14,000.

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[REDACTED] informed that around November, 1990, [REDACTED] called [REDACTED], the President of ACCET. [REDACTED] told [REDACTED] that someone on his staff had improperly received money from WHITESELL. [REDACTED] confronted [REDACTED] about the

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Continuation of FD-302 of [REDACTED], On 2/9/94, Page 7

situation. [REDACTED] stated that she readily admitted receiving funds from WHITESELL pursuant to their contractual agreement. [REDACTED] did not fire [REDACTED] at that point. [REDACTED] wrote a memorandum concerning the call he received from [REDACTED] and the relationship between [REDACTED] and WHITESELL. [REDACTED] continued to work for ACCET until the Fall of 1991. She stated that at that time, [REDACTED] got scared because the U.S. DEPARTMENT OF EDUCATION (DOE) "leaned on him". [REDACTED] referred to a DOE investigation into the payments she received from WHITESELL. [REDACTED] ultimately terminated [REDACTED] because of her acceptance of money from WHITESELL. [REDACTED] informed that [REDACTED] ACCET'S attorney, was involved with her termination.

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[REDACTED] believed that she probably received the first threatening call from [REDACTED] sometime between WHITESELL'S death and the date that [REDACTED] made the above-stated call to [REDACTED]. [REDACTED] felt that [REDACTED] power to extort money from her would have been diminished if he had already disclosed the information to [REDACTED] that an ACCET employee had improperly received money from WHITESELL.

[REDACTED] feels [REDACTED] actions cost her her job with ACCET. [REDACTED] stated that she and her husband are now approximately \$70,000 in debt and are unable to make the mortgage payments on their houses. She advised that they are about to lose their house at 2409 Bon Air Station Lane, Richmond, Virginia. [REDACTED] attributed her current financial problems in large part to [REDACTED].

[REDACTED] stated that [REDACTED] did not make threats of physical harm to her. Most of [REDACTED] threats were statements such as, "I can make trouble for you". However, [REDACTED] stated that she was scared of [REDACTED]. While her dispute with [REDACTED] was going on, [REDACTED] felt that she was being followed and that someone was watching her house. [REDACTED] was so afraid that she had a security system installed at her house. [REDACTED] stated that she would never meet with [REDACTED] alone. She commented that her instincts told her that she should be afraid of [REDACTED]. [REDACTED] mentioned that WHITESELL had been murdered and that [REDACTED] another partner of [REDACTED] had died young. Although she has no evidence of his involvement, [REDACTED] believes [REDACTED] had something to do with WHITESELL'S murder.

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Continuation of FD-302 of [REDACTED], On 2/9/94, Page 8

[REDACTED] advised that, when [REDACTED] initially called her after WHITESELL's death, she quickly called him back. [REDACTED] stated that she was interested in maintaining her contract with BBC if [REDACTED] purchased WHITESELL's former interest in the school. However, [REDACTED] only wanted repayment of money she had received from WHITESELL. [REDACTED] received harassing telephone calls from [REDACTED] at both her work place and her home.

[REDACTED] disputed [REDACTED] contention that he was unaware that she was receiving payments from WHITESELL. She reviewed several of the \$1,250 checks she received from BBC for consulting services. While many of the checks appeared to have been stamped with [REDACTED] signature, at least a couple of the checks appear to have been personally signed by [REDACTED]. Thus, [REDACTED] should have known about the payments to [REDACTED] and probably was aware of her consulting agreement with WHITESELL. [REDACTED] advised that the \$1,250 per month consulting contract was separate from the contract in which she was paid \$14,000 to write four speeches.

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[REDACTED] maintained that she did not engage in any wrongdoing by accepting payments from WHITESELL for consulting and speech writing services. She stated that she would not have accepted employment with ACCET had she been prohibited from continuing her speech writing and consulting work. [REDACTED] advised that she received 1099 forms from WHITESELL, and that she reported the payments as income on her tax returns.

[REDACTED] claimed that her professional judgment was never influenced or compromised by her contractual arrangements with WHITESELL. [REDACTED] maintained that her judgment was always fair and consistent with ACCET policies. [REDACTED] stated that WHITESELL never requested favors or special treatment for his schools in return for the payments. [REDACTED] did not make such requests either. [REDACTED] claimed that she never afforded any preferential treatment to CTI.

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[REDACTED] described WHITESELL as "kind of soft" and a compassionate person. She stated that WHITESELL did not have to give her the \$14,000 speech contract. However, he knew [REDACTED] was in a financial situation where she needed the money, so he agreed to give her the contract.

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Continuation of FD-302 of [REDACTED], On 2/9/94, Page 9

[REDACTED] could not recall [REDACTED] ever paying her money. She stated that [REDACTED] never offered her a bribe to influence her judgment. [REDACTED] claimed that she would not have accepted such a payment from [REDACTED]

[REDACTED] stated that she had no knowledge of WHITESELL or [REDACTED] paying bribes to any individuals to obtain preferential treatment for CTI or BBC. [REDACTED] had heard that [REDACTED] had liaison with several politicians in Ohio. [REDACTED] was allegedly connected to SAUL SILENSKY, a State Representative in Ohio. SILENSKY's name was in the newspaper in regard to CTI's problems. [REDACTED] had heard rumors that SILENSKY and [REDACTED] had conspired to undercut WHITESELL.

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[REDACTED] could not recall ever receiving a telephone call or correspondence from U.S. Congressman DONALD "BUZ" LUKENS or a member of LUKENS' staff. She advised that it was unusual for ACCET to receive calls from politicians.

[REDACTED] advised that when CTI's accreditation was withdrawn by ACCET, CTI was given the opportunity to respond. [REDACTED] made no response to ACCET on behalf of CTI. At that point, [REDACTED] was trying to distance himself from CTI. [REDACTED] was claiming that he had no ownership interest in CTI.

[REDACTED] informed that, between January, 1991 and April or May, 1991, BBC was teaching out programs in Alliance, Ohio. BBC was attempting to get approval for new programs.

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[REDACTED] advised that sometime before she was employed by ACCET, ACCET personnel made a surprise complaint investigation visit to CTI. [REDACTED] an evaluator of schools and consultant, handled the investigation. [REDACTED] was also involved in the review of CTI.

[REDACTED] advised that she had heard [REDACTED] was suffering from cancer.

## A G R E E M E N T

## SPEECH SERVICES

This agreement reflects the work to be performed by [REDACTED]

[REDACTED] for services performed for Bohecker's Business College during 1990. This agreement is also independent of the ongoing management contract for monthly services and advice provided.

[REDACTED] will research, develop, and write four speeches for the College staff according to the following schedule:

June 1, 1990.....Graduation of College Students

July 1, 1990.....Labor Trends- Employment Luncheon

September 1, 1990.....Occupational Outlook- Two year Colleges

December 1, 1990.....Goal Development Strategies for Colleges

It is determined that the June speech will represent 20 minutes of data and script in typewritten format, double spaced.

The speeches for the remainder of this agreement will be no longer than forty minutes and will be presented in the same format as described above.

[REDACTED] will be responsible for providing her own research data, secretarial expenses and supplies for the production of the speeches in this agreement.

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Any speech requiring the data of the College will be provided in a timely manner, not later than 30 days before the speech, to [REDACTED]

Payment for all speeches will be in advance for a total sum of \$14,000.00

the breakdown per speech is as follows:

June 1, 1990	\$5,000.00
July 1, 1990	5,000.00
September 1, 1990	2,000.00
December 1, 1990	2,000.00

A check for the agreed upon amount will be paid by May 25, 1990.

All speeches and data become the sole property of Boheckers Business College.

This agreement represents the total contract as understood by both parties.

[REDACTED]

5/1/90 *Hay Watson* 5/14/90

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/24/94

[redacted] was contacted at his place of employment, RIGGS NATIONAL BANK, Washington, D.C., telephone number [redacted]. After being advised of the identity of the interviewing Agent and the nature of the interview, [redacted] provided the following information:

[redacted] was asked about the meaning of the code "NBW 17." [redacted] responded that the code was used to identify the Washington Office of the NATIONAL BANK OF WASHINGTON (NBW). In other words, if an item was stamped with the notation "NBW 17," this would mean that the item was processed through NBW's Washington Office. The Washington Office of NBW was located at 301 7th Street, N.W., Washington, D.C. 20001.

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[redacted] advised that the Washington Office of NBW had a banking relationship with Bank of the Sergeant-At-Arms for the U.S. House of Representatives, also known as the House Bank. The U.S. Treasury maintained a Treasury General Account at NBW's Washington Office that was used by the House Bank to make deposits.

(telephonically)

Investigation on 3/24/94 at Falls Church, Virginia File # 46A-WF-179870 SUB UU-96by SA [redacted] Date dictated 3/24/94



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GWS:trs

The following investigation was conducted by Special Agent (SA) [ ] on the dates indicated:

On March 9, 1994, [ ] was telephonically contacted at her place of employment, LEGAL AID SOCIETY (LAS), Cincinnati, Ohio, telephone number [ ]. [ ] recalled a lawsuit filed by the LAS against CAMBRIDGE TECHNICAL INSTITUTE (CTI). [ ] was one of the attorneys handling the case for the LAS. [ ] stated that she had no recollection of receiving any calls from U.S. Congressman DONALD "BUZ" LUKENS or members of LUKENS' staff concerning the CTI situation. [ ] did not recall the name [ ]. [ ] advised that the LAS received a large number of calls about the CTI case. She suggested that someone from LUKENS' office could have called the LAS, not identified himself as being associated with LUKENS' office, and obtained information regarding the CTI lawsuit. [ ] stated that she would check the LAS files and phone logs to see if there were any references to calls from LUKENS or his staff.

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On March 9, 1994, [ ] was telephonically contacted at his place of employment, LAS, Cincinnati, Ohio, telephone number [ ]. [ ] advised that he, [ ], and [ ] handled a lawsuit filed by the LAS against CTI. [ ] was the trial attorney for the LAS. [ ] commented that CTI ran a very shoddy operation. The CTI litigation was very controversial and sensitive. [ ] advised that the LAS received numerous inquiries about the case. The news media would call from time to time. [ ] stated that he had no recollection of receiving calls or inquiries regarding the CTI case from U.S. Congressman DONALD "BUZ" LUKENS or LUKENS' staff. [ ] did not recall receiving calls from [ ]. [ ] stated that LUKENS was a notorious and controversial figure in Ohio at that time. He stated that he would certainly remember any contact from LUKENS or his staff. [ ] also stated that he would have noted such contact in the LAS file. He stated that he would check his notes for references to any calls from LUKENS or members of LUKENS' staff. [ ] advised that the LAS office does not maintain a formal telephone log. [ ] stated that all calls concerning the CTI matter would have been referred to either himself, [ ] or [ ].

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[ ] informed that the Ohio Attorney General's Office in Columbus, Ohio, had filed a lawsuit against CTI's school in Cleveland, Ohio. [ ] was a staff attorney who worked on the case. [ ] advised that he had discussed the Attorney General's case against CTI with [ ]. [ ] was an attorney that represented CTI in the lawsuit.

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[ ] advised that, after HENRY WHITESELL was murdered, a case was opened in probate court in WHITESELL's name. [ ] was the attorney who handled the administration of WHITESELL's estate. [ ] commented that there was a lot of finger pointing regarding what happened with CTI and why. [ ] asserted that WHITESELL took all of the money and was the cause of all of CTI's problems.

[ ] informed that the LAS in Dayton, Ohio, did not file a lawsuit against CTI. The Dayton LAS filed a lawsuit against SAWYER COLLEGE for improprieties similar to those occurring at CTI, but that suit had nothing to do with CTI.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/12/94

[redacted] was interviewed at the U.S. DEPARTMENT OF JUSTICE (DOJ), Washington, D.C. (WDC). Present during the interview were DOJ Attorneys [redacted] and [redacted]. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] advised that he was originally from Illinois. He graduated from WABASH COLLEGE in May 1989. After graduation, [redacted] went to WDC to look for a job on Capitol Hill. [redacted] was looking for an apartment during August 1989, and met with a friend of his, [redacted]. [redacted] learned that U.S. Congressman DONALD "BUZ" LUKENS had a position open. [redacted] interviewed for the job and was hired on LUKENS' staff. [redacted] was hired by LUKENS' Administrative Assistant, [redacted]. [redacted] worked on LUKENS' staff until LUKENS left office during the Fall of 1990. [redacted] then worked for the DEPARTMENT OF COMMERCE until January 1992. At that time, [redacted] took a position with the National Association of Manufacturers (NAM). [redacted] is still employed with NAM in the position of Associate Director of Member Communications. [redacted] advised that he handles legislative analysis for NAM and follows issues. He stated that he is not a lobbyist. [redacted] current work telephone number is [redacted].

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While working on LUKENS' staff, [redacted] was promoted to the position of Legislative Assistant during November 1989. [redacted] handled constituent service and was responsible for various issues, including energy and the environment.

[redacted] was questioned about LUKENS' reelection campaign during May 1990. [redacted] stated that he and several members of LUKENS' WDC staff travelled to Ohio to campaign. [redacted] recalled that [redacted], and another guy went to Ohio. While there, [redacted] stayed at a house shared by LUKENS and his District Chief of Staff, [redacted]. [redacted] advised that he and the other members of

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Investigation on 3/4/94 at Washington, D.C. File # 46A-WF-179870 Sub UU 98  
by SA [redacted] [signature] Date dictated 3/11/94

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Continuation of FD-302 of [REDACTED], On 3/4/94, Page 2

LUKENS' staff were in Ohio from about April 30, 1990 through May 10, 1990. The election, which LUKENS lost, took place on May 8, 1990. [REDACTED] stated that the staff pretty much knew LUKENS had no chance to win, but they were committed to making the best showing possible.

[REDACTED] advised that LUKENS' May 1990 reelection campaign had very little money. They did not receive any Political Action Committee (PAC) money. The campaign received a few donations from individuals. [REDACTED] stated that they planned to use the money they had available for campaign activities to make a blitz during the last week before the election. [REDACTED] recalled that the campaign spent a lot of money during the last couple of days doing newspaper and radio advertisements. [REDACTED] was not aware of where the money came from to enable them to do the last minute advertising. He did not overhear any discussions concerning the acquisition of funds. [REDACTED] commented that since they knew they did not have much money available, the campaign did things as inexpensively as possible.

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[REDACTED] stated that LUKENS' reelection campaign was severely handicapped by the fact that LUKENS had been convicted on sex offense charges. At the time of the election, LUKENS was awaiting the outcome of an appeal of the conviction. LUKENS was embarrassed by the situation and did not want to face his constituents. Eventually, the campaign made a three city blitz of stops during which LUKENS met the voters. LUKENS said he was sorry and that he had embarrassed the District. However, LUKENS asked the voters not to overlook 20 years of good service for one mistake. The voters apparently were not swayed by LUKENS' message, and he lost the election by a wide margin.

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[REDACTED] was asked about [REDACTED] recalled that [REDACTED] came to WDC and visited LUKENS in his office sometime prior to the primary election which took place in May 1990. [REDACTED] remembered LUKENS introducing [REDACTED] to the staff in his office. This was the first time [REDACTED] met [REDACTED] stated that [REDACTED] wife was not with him on this occasion. [REDACTED] also vaguely remembered going to Bullfeathers with [REDACTED] and another person, possibly [REDACTED]. He thought they may have gone from LUKENS' office to Bullfeathers late in the day to have a drink. They may have been waiting for LUKENS. [REDACTED] stated that he and other members of

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Continuation of FD-302 of [REDACTED], On 3/4/94, Page 3

LUKENS' staff had taken other constituents to Bullfeathers, and he was not positive that they went there with [REDACTED]

[REDACTED] recalled that [REDACTED] came to LUKENS' office a second time. On the second occasion, [REDACTED] had his wife and possibly his children with him. [REDACTED] believed [REDACTED] may have picked up tickets for a White House tour from LUKENS. [REDACTED] remembered this second visit by [REDACTED] as being very quick, with [REDACTED] picking up the tickets and leaving in a hurry.

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[REDACTED] informed that [REDACTED] worked on a case involving [REDACTED] and schools operated by [REDACTED] started working on the case prior to LUKENS' primary election in May 1990. [REDACTED] advised that [REDACTED] often complained about [REDACTED] and said that [REDACTED] was "driving him nuts." [REDACTED] complained that [REDACTED] had the misconception it was possible to get something done quickly in Washington. [REDACTED] recalled that [REDACTED] called an accreditation board or legal aid society concerning [REDACTED] and learned that [REDACTED] had a dubious reputation and was "not on the up and up." [REDACTED] also described [REDACTED] as "foul-mouthed."

Around July 1990, [REDACTED] left LUKENS' staff and went to work on another candidate's campaign in Hawaii. After [REDACTED] left, [REDACTED] inherited his cases. [REDACTED] had no recollection that he was formally assigned [REDACTED] work. He believed that someone simply told him something like, "You take [REDACTED] stuff." [REDACTED] commented that he was next in line after [REDACTED] as far as legislative work, cases, etc.

[REDACTED] stated that he could not recall doing anything on the [REDACTED] situation. [REDACTED] never called [REDACTED]. He stated that he might have spoken with [REDACTED] if [REDACTED] called LUKENS' office. [REDACTED] never got detailed information on the [REDACTED] case from [REDACTED] or any other source. [REDACTED] stated that he took the mindset that, "If this guy [REDACTED] is a bad apple, why should we help?" [REDACTED] formulated his opinion about [REDACTED] from listening to [REDACTED].

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[REDACTED] advised that shortly after [REDACTED] left LUKENS' staff, LUKENS came up to him [REDACTED] and asked about the status of the [REDACTED] matter. LUKENS wanted to know what had been done on the case and if there was anything new. [REDACTED] reiterated

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Continuation of FD-302 of [REDACTED]

, On 3/4/94, Page 4

that he had not done anything on the case, had not spoken to [REDACTED], and had not even been briefed on the facts of the case. However, [REDACTED] had already figured out that [REDACTED] had a dubious reputation. After LUKENS inquired about the [REDACTED] situation, [REDACTED] called [REDACTED] in Hawaii to ask what the case was about and whether there was a file concerning the matter. [REDACTED] asked [REDACTED] if there was anything LUKENS' office could do for [REDACTED] responded negatively. [REDACTED] thought there might possibly have been a file regarding the [REDACTED] case. [REDACTED] recalled that [REDACTED] wanted to get the U.S. DEPARTMENT OF EDUCATION (DOE) "off his back."

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After talking with [REDACTED] reported his findings to LUKENS. [REDACTED] stated that he could picture himself going into LUKENS' office and telling him there was nothing they could do for [REDACTED] mentioned that LUKENS kept his own active files on matters being handled by his office.

[REDACTED] advised that probably around August 1990, he received a telephone call from [REDACTED] regarding [REDACTED] [REDACTED] was a friend of LUKENS. [REDACTED] was married to a political consultant named [REDACTED]. The [REDACTED] had a relationship with LUKENS and "ran in the same circles." [REDACTED] also knew [REDACTED] prior to the telephone call around August 1990. When [REDACTED] called, she asked for LUKENS. LUKENS was not available, possibly out of town. [REDACTED] talked with [REDACTED]. She told him that [REDACTED] was in serious trouble. She said that LUKENS had been in enough trouble of his own recently, and that he should "wash his hands" of [REDACTED] reported his conversation with [REDACTED] to [REDACTED] since LUKENS was not around. [REDACTED] described his telephone conversation with [REDACTED] as the "final nail" with respect to [REDACTED] believed the call from [REDACTED] occurred a significant amount of time after LUKENS' status request concerning [REDACTED] situation.

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[REDACTED] briefly summarized the above-stated events in chronological order to the best of his recollection. He stated that prior to LUKENS' primary election, [REDACTED] started work on the [REDACTED] matter. [REDACTED] made several calls and inquiries and found out that [REDACTED] was possibly in trouble. [REDACTED] also visited LUKENS' office in WDC prior to the election. The primary election, which LUKENS lost, occurred on May 8, 1990. [REDACTED] left LUKENS' staff around July 1990 to go to Hawaii. Around two to three weeks after [REDACTED] left, LUKENS

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Continuation of FD-302 of \_\_\_\_\_, On 3/4/94, Page 5

inquired to \_\_\_\_\_ about the status of the \_\_\_\_\_ situation. \_\_\_\_\_ then contacted \_\_\_\_\_ about \_\_\_\_\_. He reported to LUKENS that there was nothing new on the \_\_\_\_\_ case. There was no additional activity on the \_\_\_\_\_ matter. Then, \_\_\_\_\_ visited LUKENS' office a second time with his wife and possibly his kids. \_\_\_\_\_ recalled that after second visit, he received the telephone call from \_\_\_\_\_ regarding \_\_\_\_\_.

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\_\_\_\_\_ stated that he was not aware of any express or implied threats made by \_\_\_\_\_. \_\_\_\_\_ stated that he heard about the death of \_\_\_\_\_ partner, HENRY WHITESELL, via an Associated Press wire report. He heard the name of the technical school run by \_\_\_\_\_ and associated it with the \_\_\_\_\_ matter handled by \_\_\_\_\_.

\_\_\_\_\_ informed that his current home telephone number is \_\_\_\_\_.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/31/94

[redacted] was contacted at her place of employment, GREAT LAKES HIGHER EDUCATION CORPORATION, 2401 International Lane, Madison, Wisconsin 53704, telephone number [redacted] is a Compliance Specialist for GREAT LAKES HIGHER EDUCATION CORPORATION (GLHEC). After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

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[redacted] advised that GLHEC is a guarantee agency for loans made by lending institutions to students attending post-secondary schools. GLHEC guarantees loans under the STAFFORD STUDENT LOAN PROGRAM, which provides funds for educational purposes such as tuition, and under the Supplemental Student Loan Program, which furnishes money for living and related expenses in excess of the funds provided by Stafford Student Loans. If a student defaults on his or her loan, GLHEC repays the lending institution the amount owed on the loan. The U.S. DEPARTMENT OF EDUCATION (DOE) reinsures GLHEC. In other words, DOE reimburses GLHEC for the amount it was required to pay the lending institution. GLHEC attempts to collect the money owed by the borrower with any collection forwarded to DOE.

[redacted] informed that GLHEC guaranteed loans for students at CAMBRIDGE TECHNICAL INSTITUTE (CTI), which operated proprietary schools in Ohio. She advised that GLHEC guaranteed loans for CTI students from approximately February, 1989, until CTI was closed around December 31, 1990. According to GLHEC records, GLHEC guaranteed approximately \$6,847,930 of loans to 2633 CTI students. [redacted] advised that GLHEC apparently ceased its relationship with CTI around October, 1990.

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[redacted] advised that, when CTI began using GLHEC in 1989, GLHEC did not have a formal application procedure for schools desiring to use its guarantee service. The most important task for prospective schools was finding a lending bank that GLHEC had done business with before. [redacted]

Investigation on 3/10/94 at Falls Church, Virginia File # 46A-WF-179870 Sub UU 99  
by SA [redacted] skch Date dictated 3/17/94



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Continuation of FD-302 of [REDACTED]

, On 3/10/94 , Page 2

informed that CTI used the following lending institutions: FIRST BANK; TCF BANK, of Minneapolis, Minnesota; SOCIETY BANK of Brooklyn, Ohio; and BANK ONE of Cleveland, Ohio.

[REDACTED] stated that she was not aware of CTI having major problems. She advised that CTI had quite a few full cancellations of students with refunds by CTI. [REDACTED] informed that CTI had a default rate of approximately 90 percent. However, she stated that such a high default rate was not unusual given the nature of proprietary schools. She explained that the clientele of proprietary schools are generally predominantly low-income individuals. [REDACTED] mentioned that the methods of recruiting used by proprietary schools and their entire educational process are often questionable. b6 b7C

[REDACTED] advised that GLHEC conducted a program review of CTI. The program review was conducted on-site at CTI from June 18, 1990 through June 21, 1990. During the review, GLHEC representatives reviewed records for Fiscal years 1988 through 1989 and 1989 through 1990. The on-site review team for GLHEC consisted of Compliance Auditors [REDACTED] and [REDACTED] [REDACTED]

During the above-stated program review of CTI, GLHEC auditors reviewed about 50 student loan files. [REDACTED] advised that CTI had some refund problems that were discovered during the review. GLHEC assessed liabilities against CTI for problems noted during the program review. [REDACTED] advised that, as part of the review, GLHEC auditors spoke with CTI officials HENRY WHITESELL, [REDACTED] and [REDACTED]

[REDACTED] stated that CTI probably knew about the June 18, 1990 program review in advance. She advised that GLHEC generally advises schools before it sends its auditors on-site to conduct a program review. b6 b7C

[REDACTED] was asked why GLHEC would perform a program review of CTI during June, 1990. She responded that the review could have been triggered by CTI'S high percentage of defaults on student loans. However, it could have simply been time for GLHEC to conduct a periodic check of CTI.

[REDACTED] stated that she was not aware of any public officials contacting GLHEC about CTI. She advised that

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Continuation of FD-302 of

[REDACTED]

, On 3/10/94

, Page 3

her boss, [REDACTED] is the person who probably would have fielded any such calls. [REDACTED] can be reached at telephone number [REDACTED]

[REDACTED] informed that GLHEC'S records pertaining to CTI could be obtained by sending a written request to her on FBI letterhead. She stated that a subpoena was not necessary.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/6/94

[ ] was contacted at her place of employment, GREAT LAKES HIGHER EDUCATION CORPORATION (GLHEC), 2401 International Lane, Madison, Wisconsin, telephone number [ ] [ ] is a Compliance Auditor for GLHEC. After being advised of the identity of the interviewing agent and the nature of the interview, [ ] furnished the following information:

[ ] advised that she participated in a school program review of CAMBRIDGE TECHNICAL INSTITUTE (CTI) during June, 1990. The actual dates that [ ] was on-site at CTI were June 18, 1990 through June 19, 1990. [ ] informed that CTI was given prior notice of the review via a letter from GLHEC to CTI on or about June 7, 1990.

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[ ] stated that there was nothing really unusual about GLHEC's review of CTI during, June 1990. [ ] described CTI's operation as "a little worse than most but not the worst." GLHEC did not terminate its business relationship with CTI as a result of findings during the review.

[ ] recalled meeting HENRY WHITESELL and [ ] during the program review of CTI. She had no recollection of [ ] stated that [ ] was apparently at the exit conference between representatives of GLHEC and CTI officials. However, she did not remember [ ]

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[ ] had no recollection of any political figure contacting GLHEC to inquire about the CTI situation. [ ] advised that her boss, [ ] might have taken such a call. [ ] can be reached at telephone number [ ]

Investigation on 3/10/94 at Falls Church, Virginia File # 46A-WF-179870 Sub uu  
by SA [ ] /rsq Date dictated 3/17/94 -100

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/28/94

[redacted] was contacted at his place of employment, GREAT LAKES HIGHER EDUCATION CORPORATION (GLHEC) 2401 International Lane, Madison, Wisconsin 53704, telephone number [redacted] is a Compliance Auditor for GLHEC. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] advised that GLHEC provides guarantees for lenders that make student loans. The lending institutions make loans to students to allow them to go to school. If a student defaults on his or her loan, GLHEC will buy the loan from the lender. Thus, the lending institutions incur very little risk when they make student loans. GLHEC is reinsured by the U.S. DEPARTMENT OF EDUCATION (DOE) on the student loans it guarantees. [redacted] explained that, if a student defaults on his loan and GLHEC is required to cover the amount of the obligation, the DOE will reimburse GLHEC for a percentage of its loss. The percentage is determined by overall default rate on all loans guaranteed by GLHEC. For example, if GLHEC's overall loan default rate is 5% or less, the DOE will reimburse GLHEC 100% of the amount of money it has to pay to cover the obligation owed to the lending institution. If GLHEC's default rate is from 5% to 9%, the DOE will reimburse 90% of GLHEC's loss, and so on. As a result, the system behooves GLHEC to keep its overall loan default rates as low as possible.

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[redacted] advised that GLHEC guaranteed loans for students at CAMBRIDGE TECHNICAL INSTITUTE (CTI), which operated proprietary schools in Ohio. [redacted] recalled that when GLHEC became involved with CTI, CTI quickly negotiated a large number of loans using GLHEC as the guarantor. [redacted] remembered there being a lot of defaults on the loans to CTI's students. CTI then quickly ceased using GLHEC's guarantee service.

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[redacted] stated that he participated in a program review of CTI which was conducted from June 18, 1990 through June

Investigation on 3/10/94 at Falls Church, VA File # 46A-WF-179870 SUB UU-101

by SA [redacted] Date dictated 3/17/94

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Continuation of FD-302 of [REDACTED]

, On 3/10/94, Page 2

21, 1990. [REDACTED] advised that CTI was notified in advance of the review by GLHEC, and that CTI was aware that the GLHEC auditors were coming. [REDACTED] stated that the CTI representatives were cooperative during the program review. [REDACTED] recalled meeting HENRY WHITESELL and WHITESELL telling him that CTI operated a wonderful school for underprivileged individuals. [REDACTED] also remembered [REDACTED] the Acting Director of Financial Aid for CTI. [REDACTED] had no recollection of [REDACTED]

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[REDACTED] advised that CTI students had a default rate of approximately 80% on loans guaranteed by GLHEC. CTI also had problems with refunds it owed for students who had dropped out of school. [REDACTED] commented that close to half of the files GLHEC auditors examined were incorrect for one reason or another. [REDACTED] advised that the most serious action GLHEC could have taken against CTI was to revoke CTI's privilege of having its students' loans guaranteed by GLHEC. [REDACTED] described CTI's operation as "close to borderline" but stated that GLHEC decided not to cut off CTI. He commented that, at that time, there were only a few reasons that GLHEC could drop a school from its program and not have to worry about reprisal in the form of a lawsuit.

[REDACTED] stated that he had no recollection of GLHEC being contacted by any political figures to inquire about CTI's relationship with GLHEC or to attempt to intercede on behalf of CTI.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/12/94

[ ] was contacted at his place of employment, GREAT LAKES HIGHER EDUCATION CORPORATION (GLHEC), 2401 International Lane, Madison, Wisconsin, telephone number [ ] is the Manager of the Compliance and Claims Program for GLHEC. After being advised of the identity of the interviewing agent and the nature of the interview, [ ] provided the following information:

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[ ] advised that GLHEC had guaranteed loans for students at CAMBRIDGE TECHNICAL INSTITUTE (CTI), which operated proprietary schools in Ohio. [ ] recalled that GLHEC performed a program review of CTI during June, 1990. [ ] advised that he did not personally participate in the on-site review at CTI's facilities. However, GLHEC sent compliance auditors on-site to conduct the review.

[ ] recalled that CTI's students had fairly high default rates on loans guaranteed by GLHEC. The high default rates were the reason CTI was selected for the program review by GLHEC during June, 1990.

[ ] described the results of GLHEC's program review of CTI as "borderline, but not bad enough to take punitive action" against CTI. [ ] stated that, if GLHEC had discovered flagrant abuses by CTI (such as collecting student loan monies for fictitious students or failing to pay refunds for students who had dropped out of school), it could have taken emergency suspension action against CTI. In effect, GLHEC could have stopped guaranteeing loans for students at CTI. Such action was not taken by GLHEC as a result of findings during the review of CTI. [ ] reiterated that he was not aware of any punitive action being taken against CTI by GLHEC.

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[ ] stated that he did not receive calls concerning CTI from congressmen, congressional staffers, or political figures of any sort. He did not recall any attempts by any outside entities to exert pressure on GLHEC on behalf of CTI.

Investigation on 3/11/94 at Falls Church, Virginia File # 46A-WF-179870 SUB UU-102

by SA [ ] Date dictated 3/18/94

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Continuation of FD-302 of [REDACTED], On 3/11/94, Page 2

[REDACTED] stated that the name DONALD "Buz" LUKENS did not mean anything to him. [REDACTED] advised that, had GLHEC been contacted by a political figure on behalf of CTI, such contact would have been noted in the files of GLHEC. [REDACTED] could not locate any references to contact from political figures with respect to CTI. [REDACTED] informed that his superior, [REDACTED] a Vice President of GLHEC, could have received a call from an elected official regarding CTI, but that [REDACTED] would have shared such information with him. [REDACTED] is still with GLHEC and can be reached at telephone number [REDACTED]

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[REDACTED] stated that he heard that the owner of CTI had been killed in a phone booth. By the time the CTI owner was murdered, GLHEC was no longer doing loan guarantees for students of CTI. CTI's lenders had apparently stopped doing business with CTI by that point in time.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/16/94

Attorney, [redacted] aka, [redacted]  
[redacted] Hartsville, Tennessee 37074, telephone number: [redacted]  
[redacted] telephonically contacted writer, and after being  
advised of the identity of the interviewing Agent and the nature  
of the inquiry provided the following information:

[redacted] has known DONALD "BUZ" LUKENS since 1980 when  
[redacted] was the National Director for Democrats for Reagan/Bush.  
LUKENS lived at the marina where [redacted] kept his boat in  
Washington, D.C., at 600 Water Street, and would visit [redacted] a  
couple of times a week, have a cup of coffee, and chat. LUKENS  
would seek counsel and advise from time to time and was an  
incessant talker. [redacted] was not always attentive and would  
"listen to him, (LUKENS), with one ear" while he, [redacted]  
read the paper.

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[redacted] provided legal representation to LUKENS in the  
Summer of 1989 in connection with a sexual assault charge.  
Another attorney in Ohio, [redacted] also assisted in the case.  
[redacted] billed LUKENS for services in connection with that  
criminal charge and understood that partial payment of [redacted]  
bill was paid for from some kind of legal defense fund created,  
formally or informally, by LUKENS or friends of LUKENS. [redacted]  
never received full payment for his legal services and had an  
unpaid balance of approximately \$20,000. [redacted] was aware that  
[redacted] also "got stiffed" and had a significant unpaid balance for  
services provided to LUKENS in connection with the sexual assault  
charge.

LUKENS is no longer a client of [redacted] and as far as  
[redacted] is aware, LUKENS is "broke". It seemed that LUKENS was  
always "broke", even when he, (LUKENS), was in Congress.  
[redacted] is unaware of any evidence that LUKENS has succeeded in  
establishing any financial success. LUKENS would be the last  
person [redacted] would expect to have been taking bribes,  
especially after the 1989 sexual assault charge. Since that  
time, LUKENS was considered a "lame duck" and was considered by  
many persons, "persona non grata".

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(telephonically)  
Investigation on 3/15/94 at WASHINGTON, D.C. File # 46A-WF-179870, SUB 44  
by SA [redacted] Date dictated 3/16/94



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Continuation of FD-302 of [REDACTED]

, On 3/15/94 , Page 2

The only fee ever charged to LUKENS by [REDACTED] was for the sexual assault case representation. [REDACTED] has never provided any other legal services for LUKENS and has never billed LUKENS for any other services. [REDACTED] has never drafted contracts or loan agreements for LUKENS.

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[REDACTED] speculated that writer was investigating the alleged fraudulent activities of THE CAMBRIDGE TECHNICAL SCHOOL (CTS) and [REDACTED] role in representing [REDACTED]. [REDACTED] believed, was a shareholder of CTS and was concerned that CTS was defrauding the Government in obtaining Federal funds. [REDACTED] had contacted the Inspector General for the Department of Education and the Federal Bureau of Investigation regarding the CTS case and understood that the investigation was targeting HENRY WHITESELL, who was connected to the CTS.

[REDACTED] was aware that there was an allegation that WHITESELL had called LUKENS to "get something done", and that allegedly someone had made a loan. [REDACTED] however, was unfamiliar with that aspect of the case and reiterated that he, [REDACTED], did not, on that occasion, or any other occasion, represent LUKENS in any contract matter or loan agreement matter.

[REDACTED] is currently devoted exclusively to the business of his wife, and country singer, [REDACTED] daughter of country singer HANK WILLIAMS, JR. and travels a great deal. [REDACTED] is currently in Tennessee but has a relative in the Washington area and will be coming to the Washington area in a few weeks. [REDACTED] boat, in which he normally lives, is currently in dry dock in Deltaville, Virginia.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/19/94

[redacted] was telephonically contacted at his residence in Hartsville, Tennessee, telephone number [redacted]. [redacted] has a mailing address there of [redacted] Hartsville, Tennessee 37074 and a business mailing address of P.O. Box 70495, Washington, D.C. 20024. He has a business telephone number with an answering machine at [redacted]. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] advised that he is a licensed attorney, and that he used to represent U.S. Congressman DONALD "BUZ" LUKENS. [redacted] met LUKENS during the 1980 Presidential campaign. [redacted] was involved with the Democrats for REAGAN/BUSH committee and thought he probably met LUKENS at the Arlington, Virginia headquarters of that organization. At the time, LUKENS was a State Senator from Ohio. When LUKENS was elected to the U.S. House of Representatives, [redacted] and LUKENS became "somewhat neighbors." [redacted] explained that he lived on a boat docked at the GANGPLANK MARINA at 600 Water Street, Washington, D.C. LUKENS lived near the marina. LUKENS would frequently drop by and visit [redacted] on his boat. [redacted] described himself as both a friend and lawyer to LUKENS.

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[redacted] advised that he provided legal representation to LUKENS in connection with a sexual misconduct charge filed against LUKENS in the State of Ohio. [redacted] recalled that LUKENS called him and said that he had a problem. [redacted] remembered that LUKENS was "scared to death" about the situation. LUKENS retained [redacted] to represent him in the sex offense case. [redacted] stated that he co-represented LUKENS with [redacted] a local attorney from Columbus, Ohio. [redacted] advised that he personally represented LUKENS during an appearance by LUKENS in front of the House Ethics Committee concerning the sexual misconduct allegations. The House Ethics Committee agreed to delay their investigation until the court case against LUKENS was completed. After LUKENS was convicted and sentenced, the

(telephonically)

Investigation on 3/21/94 at Falls Church, VA File # 46A-WF-179870 SUB UU-105by SA [redacted] trs Date dictated 4/5/94

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Continuation of FD-302 of [REDACTED], On 3/21/94, Page 2

House Ethics Committee resumed its investigation. [REDACTED] advised that the court case against LUKENS went to trial in Ohio. [REDACTED] was the lead counsel in the litigation of the case. [REDACTED] assisted in the preparation of the case. After LUKENS was convicted, [REDACTED] handled the appeal of the conviction.

[REDACTED] stated that the only fee he ever received from LUKENS was for his work on the sex offense case. [REDACTED] maintained that he received no other payments from LUKENS. [REDACTED] believed the money LUKENS used to pay him and [REDACTED] came from a legal defense fund established for LUKENS. Unfortunately, the legal defense did not raise enough money to cover the cost of LUKENS' defense. [REDACTED] asserted that LUKENS still owes approximately \$20,000 in legal fees to himself and [REDACTED]. [REDACTED] commented that, because of the type of offense LUKENS was charged with (a sex offense), people were not very anxious to financially support a defense fund on LUKENS' behalf. [REDACTED] stated that he has made no efforts to collect the money he is owed by LUKENS. He described LUKENS as "almost destitute" financially.

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[REDACTED] advised that he provided counsel to LUKENS in another instance where an elevator operator on Capitol Hill made allegations of sexual misconduct against LUKENS. This situation arose after the above-stated matter in which LUKENS was prosecuted and convicted on sex offense charges in Ohio. [REDACTED] stated that he checked out the allegations made by the elevator operator. He conferred with the counsel for the House Ethics Committee. [REDACTED] then recommended that LUKENS resign his seat in Congress. [REDACTED] did not charge LUKENS a fee for his assistance with the elevator operator incident.

[REDACTED] could not recall performing any other work for LUKENS. [REDACTED] stated that, after LUKENS left Congress, he (LUKENS) considered numerous potential deals in attempts to get work. LUKENS presented some of the potential opportunities to [REDACTED] for his opinion. [REDACTED] generally simply advised LUKENS to "get it in writing." [REDACTED] said that he might have done a rough draft of a letter for LUKENS in connection with one of LUKENS' proposed deals. However, [REDACTED] had no specific recollection of drafting such a letter. [REDACTED] did not charge LUKENS for the foregoing assistance he provided. [REDACTED] stated that he was never involved in the negotiation or drafting of any loan agreements or contractual agreements involving LUKENS.

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Continuation of FD-302 of [REDACTED], On 3/21/94, Page 3

[REDACTED] advised that he did not keep a record of hours he worked for LUKENS with the exception of the sex offense criminal case when he attempted to maintain hourly billing records.

[REDACTED] stated that he did not do campaign work for LUKENS. [REDACTED] did no active fundraising and did not solicit money for LUKENS' campaigns. [REDACTED] advised that someone might have met LUKENS on his [REDACTED] boat and later decided to give to one of LUKENS' campaigns. However, [REDACTED] maintained that he did not try to persuade anyone to donate to LUKENS campaigns. [REDACTED] stated that he, himself, may have given money to one of LUKENS' election campaigns. [REDACTED] commented that LUKENS seemed to be perpetually in need of money for his campaigns and to pay his bills. He then stated that he never thought LUKENS would deliberately engage in anything legal.

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[REDACTED] was asked about his knowledge of CAMBRIDGE TECHNICAL INSTITUTE (CTI) and CTI's owner, HENRY WHITESELL. [REDACTED] commented that when he recently received a telephone call from FBI Special Agent (SA) [REDACTED] he expected to be questioned about CTI. [REDACTED] advised that he had represented an individual with BOHECKER'S BUSINESS COLLEGE (BBC), who was formerly associated with CTI. [REDACTED] could not recall the individual's name. He had to check his records to get the BBC person's name. After checking his records, [REDACTED] informed that the person he represented was [REDACTED] was with WHITESELL at CTI and now is with BBC. [REDACTED] commented that he became familiar with the machinations of CTI through his representation of [REDACTED]

[REDACTED] advised that [REDACTED] became concerned about the situation at CTI when the U.S. DEPARTMENT OF EDUCATION (DOE) came in and conducted an unannounced audit of CTI. After the beginning of the DOE audit, [REDACTED] learned that WHITESELL, through CTI, had been stealing money from the U.S. Government through a fraud involving Pell Grants and Guaranteed Student Loans. According to [REDACTED] WHITESELL confessed to a massive fraud scheme through which CTI obtained many millions of dollars. WHITESELL allegedly asked [REDACTED] to falsify student attendance records and other CTI records to cover up the fraud. [REDACTED] contacted [REDACTED] for advice on how to handle the situation with WHITESELL. They discussed [REDACTED] options. [REDACTED] and [REDACTED] ultimately contacted the DOE Inspector General (IG). The IG told

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Continuation of FD-302 of [REDACTED], On 3/21/94, Page 4

[REDACTED] to continue to falsify records as WHITESELL requested, and said that they would conduct a "sting" against WHITESELL. WHITESELL was murdered. After WHITESELL was killed, the IG and the FBI, which had also become involved in the CTI matter, decided not to take any action on the case. [REDACTED] stated that [REDACTED] offered the CTI records to law enforcement authorities but nobody wanted them. [REDACTED] eventually took his story to the CABLE NEWS NETWORK (CNN).

[REDACTED] was questioned about the statement he made to SA [REDACTED] that WHITESELL had called LUKENS to "get something done," and that "someone had made a loan." [REDACTED] initially stated that he heard about the alleged loan from WHITESELL through the "grapevine", and that he had no direct knowledge of the loan. [REDACTED] later said that LUKENS probably mentioned the situation involving the loan from WHITESELL during a conversation they had where LUKENS talked about the FBI's investigation of him. [REDACTED] claimed that he had nothing to do with any loan or payment from WHITESELL to LUKENS. [REDACTED] stated that he was not aware of any transactions between LUKENS and CTI or BBC or of any actual payments to LUKENS from WHITESELL. b6 b7C

[REDACTED] stated that he had no knowledge of [REDACTED] making any payments to LUKENS. [REDACTED] stated that he did not draft or prepare any agreements between [REDACTED] and LUKENS. [REDACTED] reiterated that he represented [REDACTED] in an attempt to stop a fraud perpetrated by WHITESELL.

[REDACTED] advised that he possibly talked to WHITESELL on the telephone on one occasion. [REDACTED] stated that he did not provide legal representation to WHITESELL. b6 b7C

[REDACTED] believed that he met [REDACTED] through LUKENS. He thought LUKENS brought [REDACTED] to meet him on his boat in Washington, D.C. [REDACTED] stated that he got the impression that there was a "pre-existing relation" between LUKENS and [REDACTED] was apparently from LUKENS' congressional district in Ohio. [REDACTED] recalled that he met [REDACTED] right about the time of the aforementioned DOE audit of CTI. [REDACTED] thought [REDACTED] was on his boat socially within a short time of him [REDACTED] going back to Ohio. In fact, [REDACTED] may have received a phone call on [REDACTED] boat about the CTI situation. [REDACTED] remembered [REDACTED]

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relating that he had gotten a call about CTI, and that he needed to return to Ohio.

[REDACTED] commented that it would not surprise him if [REDACTED] had loaned money to LUKENS or had donated money to LUKENS' election campaigns. However, [REDACTED] stated that he was not aware of any loans by [REDACTED] to LUKENS or of [REDACTED] making any campaign contributions to LUKENS. [REDACTED] stated that he had no involvement in any transactions between LUKENS and [REDACTED]. [REDACTED] claimed that he was not aware of any transactions of any kind between LUKENS and [REDACTED].

b6  
b7c

[REDACTED] advised that he continued to represent [REDACTED] after [REDACTED] death and the closure of CTI. [REDACTED] handled issues related to BBC such as [REDACTED] purchase of WHITESELL's interest in BBC from his estate. [REDACTED] also represented [REDACTED] in his dealings with DOE in relation to BBC. [REDACTED] commented that CTI was a "cesspool of mischief". DOE was loath to allow anyone remotely associated with WHITESELL to operate BBC. [REDACTED] and DOE agreed to a trial period during which [REDACTED] had to show that he could operate BBC and run it well. [REDACTED] advised that BBC seems to have had no problems with DOE. [REDACTED] informed that [REDACTED] has now obtained local counsel to handle dealings involving BBC.

[REDACTED] stated that [REDACTED] has talked to him about the ongoing FBI investigation. [REDACTED] sometimes calls [REDACTED] regarding who has been interviewed most recently by the FBI. [REDACTED] stated that it is his understanding that [REDACTED] has been interviewed by the FBI. He commented that [REDACTED] is "scared to death." [REDACTED] reiterated that [REDACTED] has new counsel representing him.

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[REDACTED] advised that he used to see LUKENS about once a week. However, [REDACTED] boat has been in the drydock for approximately the past year. As a result, [REDACTED] has not seen LUKENS since last summer. [REDACTED] informed that he has talked to LUKENS on the telephone about three times since he last saw him.

[REDACTED] informed that he was born on [REDACTED] in Brooklyn, New York. He is married to [REDACTED] the daughter of HANK WILLIAMS, SR. Since 1984, his number one project has

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, On 3/21/94, Page 6

been working on his wife's career, proving she is the daughter of HANK WILLIAMS, SR, obtaining rights to her father's copyrights, and other related issues. [REDACTED] commented that occasionally other people such as LUKENS and [REDACTED] have "passed through his life." [REDACTED] informed that he has an eighty-four year old aunt who lives in the Washington, D.C. area.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/14/94

[redacted] was contacted at telephone number [redacted]. After being apprised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] did not know the present whereabouts of [redacted] a former employee of CAMBRIDGE TECHNICAL INSTITUTE (CTI) and BOHECKER'S BUSINESS COLLEGE (BBC). [redacted] advised that [redacted] formerly worked for branches of CTI and BBC in Middletown, Ohio. [redacted] stated that [redacted] might still be living in Middletown. He also suggested that [redacted] might possibly be working for [redacted] at BBC in Ravenna, Ohio. [redacted] informed that [redacted] is a white male. [redacted] advised that [redacted] was close to [redacted] and may know where [redacted] is currently living. [redacted] is a black male who was living in Middletown.

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[redacted] was asked whether CTI had advance notice of an audit which was conducted by the U.S. DEPARTMENT OF EDUCATION (DOE) during August, 1990. [redacted] stated that he was working out of CTI's location in Dayton, Ohio, at the time of the audit. He was not there when the DOE auditors arrived. However, [redacted] stated that the auditors apparently came unexpectedly, and he personally did not have any advance warning of the DOE audit. [redacted] stated that it was feasible that HENRY WHITESELL, the owner of CTI, could have been tipped off in advance of the DOE audit. [redacted] stated that he thought WHITESELL expected an audit at some point in time. Prior to the DOE audit, WHITESELL had CTI employees "working" on CTI's records. WHITESELL also had employees moving a lot of the CTI records. [redacted] advised that WHITESELL directed that the only CTI records to be retained at CTI's offices were ones pertaining to the past year and six months. All records older than that were moved and stored in [redacted] condominium in Fairfield, Ohio. [redacted] stated it was his impression that the records were being stored in preparation for some type of event such as an audit. [redacted] advised that [redacted] told him that "some shady stuff" was going

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Investigation on 4/8/94 at Falls Church, VA File # 46A-WF-179870 SUB UU -106  
by SA [redacted] Date dictated 4/12/94



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on at CTI's Headquarters offices in the weeks prior to the audit by DOE. [REDACTED] indicated that [REDACTED] was a CTI employee who really knew what was going on. [REDACTED] was away on vacation when the DOE auditors arrived at CTI, and WHITESELL was very upset about [REDACTED]'s absence at that time.

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[REDACTED] informed that several weeks before the DOE audit, CTI was reviewed by a finance organization named GREAT LAKES HIGHER EDUCATION CORPORATION (GLHEC). GLHEC representatives came to CTI's location in Dayton, Ohio. CTI knew about the GLHEC review in advance. [REDACTED] believed WHITESELL may have had CTI employees working with and moving CTI records even before the review by GLHEC.

[REDACTED] was asked how [REDACTED] customarily got in touch with U.S. Congressman DONALD "BUZ" LUKENS. [REDACTED] stated that he was pretty sure [REDACTED] called LUKENS from CTI's corporate offices in Cincinnati, Ohio. However, [REDACTED] stated that he did not sit in and overhear conversations between [REDACTED] and LUKENS.

[REDACTED] had no knowledge of what hotel [REDACTED] stayed in when he travelled to Washington, D.C. [REDACTED] suggested that [REDACTED] might know such information. [REDACTED] recalled that [REDACTED] went to Washington after WHITESELL's death to meet with an attorney there.

[REDACTED] stated that he recently heard that LUKENS was involved in a court case where he had allegedly accepted a fee for services. [REDACTED] heard this information on the news within the last few days.

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[REDACTED] provided his home telephone number of [REDACTED]. [REDACTED] can also often be reached at his girlfriend's residence, telephone number [REDACTED].

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